



MISSOURI CAPTIVE INSURANCE PROGRAM

TYPES OF CAPTIVES AND COVERAGE ALLOWED IN MISSOURI

PURE CAPTIVE

Pure captives are designed to insure the risks of their parent, affiliated companies or controlled unaffiliated companies. They can be incorporated as a stock insurer, non-profit corporation, or limited liability company. Minimum capitalization is \$250,000. No investment limitations — reports annual financial information on a GAAP basis.

ASSOCIATION CAPTIVE

Association captives are designed to insure the risks of the member organizations of the association and their affiliated companies. They can be incorporated as a stock insurer, mutual insurer, limited liability company, or reciprocal. Minimum capitalization is \$500,000. Investment limitations are similar to a typical P&C company — reports annual financial information on a SAP basis.

INDUSTRIAL INSURED CAPTIVE

Industrial insured captives are designed to insure the risks of the industrial insured group and their affiliated companies. They can be incorporated as a stock insurer, mutual insurer, or a limited liability company. Minimum capitalization is \$500,000. No investment limitations — reports annual financial information on a GAAP basis.

BRANCH CAPTIVE

An alien captive insurer licensed to insure the same risks as a pure captive for its branch operations in Missouri. Minimum capitalization is \$250,000 placed in trust, irrevocable letter or credit, or other acceptable assets for the benefit of U.S. policyholders. No investment limitations — reports annual Missouri branch financial information on a GAAP basis.

SPONSORED CAPTIVE OR CELL

Sponsored captives or cells are designed to keep a separate underwriting account for each insured participant. This captive is a corporate entity (“core”) in which the assets and liabilities are segregated and protected with one or many “cells” within the company. The core may be incorporated as a stock insurer, mutual insurer, or a limited liability company. Each cell is legally independent from the other cells and from the main company itself. Therefore, each protected cell’s finances must be separately accounted for on the books of the core company. With this structure, the assets of one cell cannot be affected by the liabilities of another. The cell may be incorporation or a limited liability company separate from the core. Minimum capitalization for the core is \$500,000. There are no investment limitations and the core reports annual financial information on a GAAP basis. The Department Director must approve each participant contract prior to the formation of the cell.

SPECIAL PURPOSE LIFE REINSURANCE CAPTIVE

These types of captives are designed to reinsure the risks associated with the written or assumed life, annuity, accident, or health insurance business of the ceding insurance company and its affiliates. May be formed as a stock corporation, a Missouri statutory close corporation, limited liability company, or other form approved by the Department Director. Minimum capitalization is \$250,000. Investment limitations are similar to a typical Life & Health company — reports annual financial information on a SAP basis.

All life, accident, and health and annuity insurance products and most commercial property and casualty coverage can be insured or reinsured through your Missouri captive, subject to all state and federal requirements. No direct writing of workers compensation, employer’s liability, private passenger automobile, or homeowners insurance coverages are allowed. However, Missouri captives may reinsure qualified self-funded workers compensation plans or provide excess workers compensation coverage.