

§6704. Minimum capital and surplus

1. Minimum capital and surplus. A captive insurance company may not be issued a license unless the company has and maintains unimpaired paid-in capital and surplus of:

- A. In the case of a pure captive insurance company, not less than \$250,000; [PL 2009, c. 335, §10 (AMD).]
- B. In the case of an association captive insurance company, not less than \$750,000, except for an association captive insurance company insuring only health risks that elects to secure coverage in accordance with section 6706, subsection 2-A, maintains adequate reserve funds and has reinsurance unless the superintendent waives or modifies the reinsurance requirement. Reserve funds are presumed adequate if the association members have an aggregate net worth of at least \$100,000,000 and the superintendent determines that the funds are adequate to cover at least 3 months of claims and expenses; [PL 2011, c. 90, Pt. I, §3 (AMD).]
- C. In the case of an industrial insured captive insurance company, not less than \$500,000; [PL 2009, c. 335, §10 (AMD).]
- D. In the case of a sponsored captive insurance company, not less than \$500,000; and [PL 2009, c. 335, §10 (NEW).]
- E. In the case of a risk retention group, not less than \$1,000,000. [PL 2009, c. 335, §10 (NEW).]

The superintendent may prescribe additional capital based upon the type, volume and nature of insurance business transacted, except for an association captive health insurance company insuring only health risks that elects to secure coverage in accordance with section 6706, subsection 2-A. [PL 2011, c. 90, Pt. I, §3 (AMD).]

2. Letter of credit. The required capital may be in the form of cash, an irrevocable letter of credit issued by a bank chartered in this State or a member bank of the Federal Reserve System or any other security approved by the superintendent. [PL 1997, c. 435, §1 (NEW).]

3. Dividends. A captive insurance company may not pay a dividend out of or make any other distribution with respect to capital and surplus in excess of the limitations under section 222 without the prior approval of the superintendent. Approval of an ongoing plan for the payment of dividends or other distributions must be conditioned upon the retention, at the time of each payment, of capital and surplus in excess of amounts specified by, or determined in accordance with formulas approved by, the superintendent. Notwithstanding the provisions of Title 13-B or 13-C, a captive insurance company organized under the provisions of either Title may make such distributions as are in conformity with its purposes with the prior approval of the superintendent. [PL 2009, c. 335, §10 (AMD).]

SECTION HISTORY

PL 1997, c. 435, §1 (NEW). PL 2009, c. 335, §10 (AMD). PL 2011, c. 90, Pt. I, §3 (AMD).

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