## Rules of
Department of Insurance, Financial Institutions and Professional Registration

Division 200—Insurance Solvency and Company Regulation
Chapter 20—Captive Insurance Companies

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Chapter 20—Captive Insurance Companies

20 CSR 200-20.010 Scope and Definitions

PURPOSE: This rule sets out the scope of the rules in this chapter and provides definitions to aid in the interpretation of the rules in this chapter.

(1) Applicability of Rules. The rules in this chapter apply to captive insurance companies transacting business under sections 379.1300 to 379.1350, RSMo and special purpose life reinsurance captives transacting business under sections 379.1353 to 379.1421, RSMo. The rules are to be read together with Chapter 536, RSMo.

(2) Definitions.  
   (A) “Company,” captive insurance company or companies, including a special purpose life reinsurance captive (SPLRC) unless otherwise specified.  
   (B) “Director,” the director of the department.  
   (C) “Department,” the Department of Insurance, Financial Institutions and Professional Registration.


20 CSR 200-20.020 Forms

PURPOSE: This rule sets out the forms which may be used in the regulation of captive insurance companies in this chapter.

(1) The following forms are suggested, not mandatory, for filing with the department:
   (A) Captive Application for Admission (Form CI-1), revised on October 1, 2007, or any form which substantially comports with the specified form;
   (B) Captive Irrevocable Letter of Credit (Form CI-2), revised on October 1, 2007, or any form which substantially comports with the specified form;
   (C) Captive Application for Authorization as an Independent Certified Public Accountant (CPA) (Form CI-3) revised on October 1, 2007, or any form which substantially comports with the specified form;
   (D) Captive Application for Authorization to Certify Reserves (Form CI-4), revised on October 1, 2007, or any form which substantially comports with the specified form; and
   (E) Missouri Captive Insurance Premium Tax Return (Form CI-5), revised on October 1, 2007, or any form which substantially comports with the specified form.

(2) Availability of Forms. The forms are available at the department’s office in Jefferson City, Missouri, on the department website, www.insurance.mo.gov, or by mailing a written request to the Missouri Department of Insurance, Financial Institutions and Professional Registration, PO Box 690, Jefferson City, Missouri 65102.


20 CSR 200-20.030 Admission

PURPOSE: The purpose of this rule is to set forth the requirements for admitting a captive insurance company to transact business, which the director deems necessary for the regulation of captive insurance companies.

(1) Application and Fees. Application for admission as a captive insurance company will contain the information outlined in sections 379.1300 to 379.1350 or 379.1353 to 379.1421, RSMo by filing with the director—
   (A) Initial Admission:
      1. A completed Form CI-1;  
      2. A license fee of seven thousand five hundred dollars ($7,500) for a company; and  
      3. An application fee of ten thousand dollars ($10,000) for a special purpose life reinsurance captive;  
   (B) Renewal:
      1. All annual reports due at the time of renewal pursuant to sections 379.1300 to 379.1350, RSMo and rule 20 CSR 200-20.040; and  
      2. An annual renewal fee of seven thousand five hundred dollars ($7,500).

(2) Organizational Examination. In addition to processing of the application, an organizational investigation or examination may be performed before an applicant is admitted. Such investigation or examination may consist of a general survey of the company’s corporate records, including charter, bylaws, and minute books; verification of capital and surplus; verification of principal place of business; determination of assets and liabilities; and a review of such other factors as the director deems necessary.

(3) Change of Business. Any change in the nature of the captive business from that stated in the company’s plan of operation filed with the director upon application requires prior approval from the director. Any change in any other information filed with the application requires only an informational filing with the director.


20 CSR 200-20.040 Financial Requirements

PURPOSE: The purpose of this rule is to set forth the financial and reporting requirements, which the director deems necessary for the regulation of captive insurance companies.

(1) Annual Reporting Requirements.
   (A) An association captive insurance company doing business in this state shall annually submit to the director a report of its financial condition, verified by oath of two (2) of its executive officers. The report shall be that required by section 375.041, RSMo.
   (B) A pure or industrial insured captive insurance company doing business in this state shall annually submit to the director a report of its financial condition, verified by oath of two (2) of its executive officers. Except as otherwise approved by the director, the report shall:
      1. Be prepared on the basis of generally accepted accounting principles consistently applied; and
      2. Consist of a:
         A. Balance sheet;  
         B. Statement of gain or loss from operations;
shall bear original manual signatures and addressed to the company on stationery of the years presented. The opinion shall be the American Institute of Certified Public practitioners required by generally accepted auditing standards; (C) Accountant’s Letter. The accountant shall furnish the company, for inclusion in the filing of the audited annual report, a letter stating:

1. That the accountant is independent with respect to the company and conforms to the standards of the profession as contained in the Code of Professional Ethics and pronouncements of the American Institute of Certified Public Accountants and pronouncements of the Financial Accounting Standards Board;

2. That the accountant understands that the audited annual report and his opinions thereon will be filed in compliance with the rules of this chapter with the director;

3. That the accountant consents to the requirements of section (3) of this rule and that the accountant consents and agrees to make available for review by the director, his designee or his appointed agent, the work papers as defined in section (3); and

5. That the accountant is properly licensed by an appropriate state licensing authority and is a member in good standing in the American Institute of Certified Public Accountants;

(D) Financial Statements. Statements required shall be as follows:

1. Balance sheet;

2. Statement of gain or loss from operations;

3. Statement of changes in financial position;

4. Statement of changes in capital paid up, gross paid in and contributed surplus and unassigned funds (surplus); and

5. Notes to financial statements, which shall be those required by generally accepted accounting principles, and shall include:

A. A reconciliation of differences, if any, between the audited financial report and the statement or form filed with the director;

B. A summary of ownership and relationship of the company and all affiliated corporations or companies insured by the captive; and

C. A narrative explanation of all material transactions and balances with the company; and

(E) Actuarial Certification. The annual audit shall include an opinion as to the adequacy of the company’s loss reserves and loss expense reserves. The individual who certifies as to the adequacy of reserves shall be a member in good standing of the American Academy of Actuaries and shall apply to the director for approval by submitting an application to the director (Form CI-4). As to any SPLRC or any company providing life insurance or annuity contracts, such certification shall include the opinion required by section 376.380, RSMo.

(3) Availability and Maintenance of Working Papers of the Independent Certified Public Accountant. Each company shall require the independent certified public accountant to make available for review by the director or the director’s appointed agent the work papers prepared in the conduct of the audit of the company. The company shall require that the accountant retain the audit work papers for a period of not less than five (5) years after the period reported upon. The aforementioned review by the director shall be considered an investigation and all working papers obtained during the course of such investigation shall be confidential. The company shall require that the independent certified public accountant provide photocopies of any of the working papers which the director considers relevant. Such working papers may be retained by the department. “Work papers” as referred to in this section include, but are not necessarily limited to, schedules, analyses, reconciliations, abstracts, memora, narratives, flow charts, copies of company records or other documents prepared or obtained by the accountant and the accountant’s employees in the conduct of their examination of the company.

(4) Notification of Adverse Financial Condition. A company shall require the certified public accountant to immediately notify in writing an officer and all members of the board of directors of the company of any determination by the independent certified public accountant that the company has materially misstated its financial condition in its report to the director as required in section 379.1312 or 379.1403, RSMo. The company shall furnish such notification to the director within five (5) working days of receipt thereof.

(5) Deposit Requirement. Whenever the director deems that the financial condition of the company warrants additional security, the
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20 CSR 200-20.050 Management and Control

PURPOSE: The purpose of this rule is to set forth the management and control, which the director deems necessary for the regulation of captive insurance companies.

(1) Directors. Every company shall report to the director within thirty (30) days after any change in its executive officers or directors, including in its report a statement of the business and professional affiliations of any new executive officer or director. No director, officer, or employee of a company shall, except on behalf of the company, accept, or be the beneficiary of, any fee, brokerage, gift, or other emolument because of any investment, loan, deposit, purchase, sale, payment, or exchange made by or for the company but such person may receive reasonable compensation for necessary services rendered to the company in his or her usual private, professional, or business capacity. Any profit or gain received by or on behalf of any person in violation of this section inures to and is recoverable by the company.

(2) Conflict of Interest. In addition to the investment of funds in section (1) of this rule, each company chartered in this state is required to adopt a conflict of interest statement from officers, directors, and key employees. Such statement shall disclose that the individual has no outside commitments, personal or otherwise, that would divert him from his duty to further the interests of the company he represents but this does not preclude such person from being a director or officer in more than one (1) insurance company. Each officer, director, and key employ-

20 CSR 200-20.060 Revocation, Suspension or Rescission of Company Authority

PURPOSE: The purpose of this rule is to set forth the procedures for revoking, suspending or cancelling the license of captive insurance companies.

(1) The director may enter an order suspending or revoking the license of a company pursuant to section 379.1316, RSMo. The proceeding will be governed by rule 20 CSR 800-1.010, et seq.

(2) In addition to the authority in section 379.1316, RSMo, the director may, subject to the provisions of this section, by order rescind the authority of the company:

(A) If the company has not commenced business according to its plan of operation within two (2) years of being licensed; or

(B) If the company ceases to carry on insurance business in or from within this state; or

(C) At the request of the company.

(3) Before the director rescinds the license of a company under section (2), the director shall give the company notice in writing of the grounds on which the director proposes to cancel the license, and shall afford the company an opportunity to make objection in writing within the period of thirty (30) days after receipt of notice. The director shall take into consideration any objection received by the director within that period and, if the director decides to cancel the license, cause the order of cancellation to be served on the company.


John R. Ashcroft
Secretary of State (4/30/19)

CODE OF STATE REGULATIONS