



STATE OF TENNESSEE
CAPTIVE INSURANCE SECTION

Capturing
TENNESSEE



Some of our best natural resources
don't come from the earth.





They come from our people who believe a pro-business environment helps everyone grow.

Success blossoms when it is nurtured by leaders who believe in unleashing the best a place has to offer. Tennessee is the domicile where your captive insurance company can achieve its full potential — and where you'll find support at the top.

The statue "Victory" stands tall, dominating the central courtyard of the War Memorial Building in downtown Nashville.



Tennessee leaders like Governor Bill Haslam and State Insurance Commissioner Julie Mix McPeak saw Tennessee needed to overhaul its captive laws if the Volunteer State wanted to show the world what we had to offer. In 2011, Tennessee's laws were modernized to create a landscape where the captive insurance market could grow. Today, Tennessee now ranks among the 'best in class' captive domiciles—both nationally and internationally. Currently, Tennessee is home to 160 captive insurance companies and 380 cell companies for a total of 540 risk-bearing entities (RBEs)—and more are on the horizon.



*Captive Director Michael Corbett, Governor Bill Haslam
and Commissioner Julie Mix McPeak*

“ We’ve worked hard to make Tennessee an attractive place for businesses of all sizes. In 2011 we enhanced the state’s captive insurance statute and that has resulted in huge growth for Tennessee’s captive insurance market. ”

- Tennessee Governor Bill Haslam



Chattanooga

Your success is music to our ears.



Nashville boasts more than 150 live music venues...so there's something for everyone!

*The Ryman Auditorium has been called the “Mother Church of Country Music.”
This venue has stood for over 100 years and has hosted a wide range of personalities —
from Teddy Roosevelt to Dolly Parton and Ben Folds Five.*



Tennessee's pro-business environment and our central location in the U.S. as a transportation hub provide an excellent incubator for business relocations and entrepreneurial-spirited economic development. Recent updates to the protected cell law make Tennessee the strongest domicile in the world for the operation of cell companies.

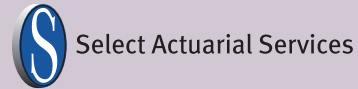


In *Captive Review Magazine's* 2016 U.S. Captive Service Awards, Tennessee was “Highly Commended” as a U.S. Captive Domicile. In 2015, Captive Section Director Michael Corbett was named Captive Professional of the Year during the annual U.S. Captive Services Awards. Corbett has recently been named to the magazine’s “Power 50” list for the third time.

“ If you are a Tennessee business there is now no reason to have your captive based anywhere else. ”

- Kevin Doherty, Chairman, Tennessee Captive Insurance Association

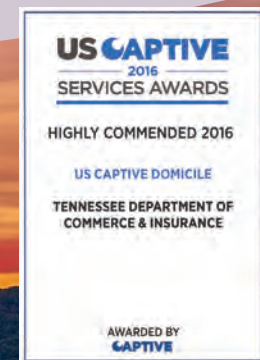




THE FACES OF TENNESSEE CAPTIVE INSURANCE
THE UNIQUE PUBLIC-PRIVATE PARTNERSHIP



INSURANCE PRIVATE PARTNERSHIP



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Success actually has a destination.
It's called Tennessee.





We are based in Nashville, Tennessee—one of America’s hottest cities—where the amenities and opportunities abound. Why come to Tennessee? Because we have an entire state that welcomes your captive insurance company. We listen to your needs and offer the crucial infrastructure your captive must have to get started, including captive management experts, actuaries, CPA firms, financial institutions, law firms, and other service providers available to form and manage your captive. When your captive is up and running, we can easily accommodate out-of-town travelers with an abundance of five-star hotels, restaurants, and live entertainment.

Why form a captive?

A captive insurance company represents an option for many corporations and groups that want to take financial control and manage risks by underwriting their own insurance rather than paying premiums to third-party insurers.



Memphis, Sunset over the Mississippi River



Captive advantages include:

- Coverage tailored to meet your needs
- Reduced operating costs
- Improved cash flow
- Increased coverage and capacity
- Investment income to fund losses
- Direct access to reinsurance markets
- Funding and underwriting flexibility
- Greater control over claims
- Smaller deductibles for operating units
- Incentives for loss control
- Alternatives to costly practice of trading dollars with underwriters in the working layers of risk
- Tremendous flexibility in managing risk

Growth Statistics

452%

GROWTH IN CAPTIVE INSURANCE COMPANIES



454%

GROWTH IN TOTAL PREMIUMS



1233%

GROWTH IN TOTAL ECONOMIC IMPACT



Steps to Form a Captive

- Engage a Captive Manager
- Perform feasibility study
- Apply for charter
- Fill out application
- Capitalize captive
- Receive license
- Issue policies

Our skilled Captive Section Team is here to help you. Whether it is putting together a complicated application, making business plan changes, filing audited financial statements or calculating premium tax, we have an experienced group of skilled captive analysts and examiners on hand to answer your questions. The senior core of the Captive Team includes, left to right: Lead Analyst Cathy Gray, Assistant Director Jennifer Stalvey, Director Michael Corbett, and Assistant General Counsel Ben Whitehouse.



Types of captives

Association Captive

A captive insurer having two or more owners, typically members of an industry trade association. Sometimes the association itself is the owner of the captive.

Branch Captive

A unit of an existing offshore (alien) captive, licensed in Tennessee to write insurance for its owners and affiliates onshore. The branch is regulated as a pure captive, is taxed only on the branch writings and is required to use an onshore trust for the protection of US policyholders and ceding insurers.

Industrial Insured

An industrial insured captive is one formed to insure the risks produced by a group of industrial entities.

Protected Cell

These entities allow for assets and liabilities on one captive program to be legally segregated from the assets and liabilities of another captive program.

FINANCIAL REQUIREMENTS

Captive Type	*Min Capital & Surplus
Association Captive	\$500,000
Branch Captive	\$250,000
Industrial Insured Captive	\$500,000
Protected Cell Captive	\$250,000
Pure Captive	\$250,000
Risk Retention Group Captive	\$1,000,000
Special Purpose Financial Captive	\$250,000

** Additional capital and surplus may be required as prescribed by the Commissioner based upon the type, volume and nature of business transacted.*



Pure Captive

Also referred to as “single owner captive”, insures only the risks of the owner or the owner’s subsidiary operations.

Risk Retention Group (RRG)

An entity created under the federal Liability Risk Retention Act, and licensed in any one state to write liability insurance. An RRG may operate nationwide, provided it properly registers with each state in which it proposes to solicit or write insurance.

Special Purpose Financial Captive

A captive insurance company created to facilitate insurance securitization for other insurance companies.



Department of
**Commerce &
Insurance**

CAPTIVE INSURANCE SECTION

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*Information found in this brochure is based on current
Tennessee captive insurance regulation.*



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