

## Insurance and Real Estate Committee JOINT FAVORABLE REPORT

**Bill No.:** HB-6433

**Title:** AN ACT CONCERNING CAPTIVE INSURANCE.

**Vote Date:** 2/20/2025

**Vote Action:** Joint Favorable Substitute

**PH Date:** 1/28/2025

**File No.:** 63

**Disclaimer:** *The following JOINT FAVORABLE Report is prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose.*

### SPONSORS OF BILL:

Insurance and Real Estate Committee

### REASONS FOR BILL:

This legislation would expand penalty provisions, allow conversion and facilitate transfer of protected cells. Also, the authorization of the Insurance Commissioner to handle protective cell insolvencies independently from the captive insurers.

This would modernize and improve regulation of captive insurance companies in Connecticut.

### SUBSTITUTE LANGUAGE:

The substitute language changed Section 3 of the bill to require the sponsor to do the things the bill requires before a protected sell can be sold, transferred, assigned, or otherwise conveyed. The underlying bill instead required the sponsored captive insurance company to do so.

### RESPONSE FROM ADMINISTRATION/AGENCY:

[Insurance Department, Commissioner, Andrew Mais](#) supports this bill due to the flexibility it gives to allowing the conversion of an unincorporated protected cell and allowing for protected cells to be sold, transferred or assigned to a new captive insurance company without any impact on the assets, rights, benefits, obligations and liabilities of the captive insurance company. Provisions are called for within the bill the first one being, "Section 3(e)(2), lines 262 to 263, "sponsored captive insurance company" be changed to "sponsor" because the sponsor is the one who organizes and operates the sponsored captive." Second, "the proposal provides the Department with the ability to separate insolvent protected cells

from a sponsored captive insurer. With this ability, the Department can address the insolvency of a protected cell independent of the sponsored captive core if financially sound."

#### **NATURE AND SOURCES OF SUPPORT:**

[CBIA, Public Policy Associate, Grace Brangwynne](#) supports this bill because it will help increase our economy and grow state revenues by providing resolutions for employers. This modernizes the current statutes and streamlines the process for a conversion of a captive insurance company into a protective cell.

[Connecticut Captive Insurance Association](#) supports this bill due to the increase of the Insurance Departments ability to regulate captive insurers, additional flexibility related to the use of protective cells and making Connecticut's captive insurance laws more consistent with other domiciles. Also, echoed the Insurance Departments provisions.

[Apetrop USA Inc., Anna Petropoulos](#) supports this bill due to personal experience setting up captive sponsored and protective cell structures. Connecticut's environment is collaborative with the regulated market therefore it is her preferred jurisdiction.

#### **NATURE AND SOURCES OF OPPOSITION:**

None Expressed.

**Reported by: Nicole Chambrello**

**Date: 02/24/2025**