

Dawne Ware  
**Ware Consulting LLC**  
[www.wareconsultllc.com](http://www.wareconsultllc.com)

Public Hearing Testimony

In support of

**Raised S.B. No. 908**

**AN ACT AUTHORIZING FOREIGN BRANCH CAPTIVE INSURANCE COMPANIES**

Insurance and Real Estate Committee

Wednesday, February 27, 2019 - Room 2D

Chairmen Lesser, Scanlon, Ranking Members Kelly and Pavalock-D'Amato and members of the Insurance Committee.

My name is Dawne Ware and I am the CEO of Ware Consulting, which is an insurance and business consulting firm that delivers strategic, financial and operational solutions to insurance, reinsurance and captive insurance companies. I also serve on the Board of Directors of the Connecticut Captive Insurance Association where we work to help grow the captive insurance industry in Connecticut.

I'm here today to testify in support of **Senate Bill 908 "AN ACT AUTHORIZING FOREIGN BRANCH CAPTIVE INSURANCE COMPANIES"** and to offer some suggested clarifying changes that will improve the legislation and make it more consistent with Connecticut Statutes.

This is an important modernization of the captive insurance statutes and will help to update and improve the regulatory framework to better reflect the changes in insurance, tax and accounting that have occurred since Connecticut first adopted a captive insurance statute in 2011.

We strongly urge the Committee's support with our recommended technical changes that I have included in my testimony to the Committee. We have consulted with the Insurance Department on these technical corrections and they are in support of them as well.

In our review of the LCO draft, we noticed that the reporting provisions listed in the bill were inaccurate because they reference a domicile for the “foreign branch captive insurance company” as if it is not in Connecticut. The “branch domicile” will always be located in Connecticut and the main captive will be another state (or domicile) so there is no other foreign branch captive domicile to be referenced as it is in the bill. Our submitted changes correct this in the bill as well as replace "alien" with "foreign" in a few places in the bill. Note that the Connecticut captive insurance statutes already provide for branches of alien (non-U.S.) captive insurers.

With these changes, Connecticut will have one of the most innovative captive statutes in the country and will help to generate new premium tax dollars to the state coffers.

Thanks to the work of the Committee and the Insurance Department, the captive insurance industry in Connecticut has continued to grow and expand, helping to provide innovative risk management solutions to many companies and industries operating here in our State. In addition, the support of the State Legislature and the Insurance Department has spurred growth in new insurance companies and helped create new jobs and economic development, and we thank you greatly for that work.

This legislation is critically important for Connecticut to adopt because it will help bring back revenue to Connecticut from other states which collect premium taxes on these Connecticut-based companies’ risks. Captive insurance companies that insure Connecticut risks in other domiciles leave the owners liable for both premium tax in the captive domicile and self-procurement tax in Connecticut. Recent tax decisions have highlighted this issue, and this new law will provide a unique opportunity to insure risks efficiently in Connecticut through a Foreign Branch Captive and allow the company to easily open a “branch” of an existing captive located in other domiciles and begin paying premium taxes to the State of Connecticut.

Thank you again for the opportunity to submit this testimony and these suggested technical changes. We appreciate your ongoing support of the captive insurance industry in Connecticut and urge your support of this important legislation.

I’m happy to answer any questions you may have.