START\_STATUTE20-1098.  Definitions

In this article, unless the context otherwise requires:

1.  "Affiliate" has the same meaning prescribed in section 20‑481.

2.  "Agency captive insurer" means a captive insurer that is owned by one or more business entities that are licensed in any state as insurance producers or managing general agents and that only insure risks on policies placed through their owners.

3.  "Alien captive insurer" means any insurer that is formed to write insurance business for its affiliates and that is licensed pursuant to the laws of an alien jurisdiction that imposes statutory or regulatory standards that are acceptable to the director on companies transacting the business of insurance in such a jurisdiction.

4.  "Association" means any lawfully formed association of individuals or business entities that has been in existence for at least one year and that is organized for a primary purpose other than procuring or providing insurance for its members.

5.  "Association captive insurer" means a captive insurer that is completely under the direct or indirect voting control of an association.

6.  "Branch business" means any insurance business that is transacted by a branch captive insurer in this state.

7.  "Branch captive insurer" means an alien captive insurer or a foreign captive insurer that establishes a business unit with a principal place of business in this state and that is licensed pursuant to this chapter to transact the business of insurance through the business unit.

8.  "Branch operations" means any business operations of a branch captive insurer in this state.

9.  "Business entity" means any legal entity other than an individual or sole proprietorship.

10.  "Captive insurer" means any pure captive insurer, agency captive insurer, group captive insurer or protected cell captive insurer that is domiciled in this state and that is formed and licensed under this article.

11.  "Controlled unaffiliated business" means an individual or business entity that satisfies all of the following:

(a)  Is not an affiliate of the captive insurer providing coverage or reinsurance.

(b)  Has a contractual relationship with an affiliate of the captive insurer providing coverage or reinsurance.

(c)  Whose risk management function that is related to the covered risk of loss is controlled by an affiliate of the captive insurer providing coverage or reinsurance.

12.  "Deductible reimbursement" means insurance coverage that reimburses the insured for the deductible it paid under a separate commercial insurance policy issued to the same insured, without other conditions related to the underlying loss.

13.  "Direct or directly", when used in this article to describe the transaction of insurance business by a captive insurer, means a transaction in which the captive insurer issues an insurance policy that provides primary coverage to the insured under the policy and that does not provide reinsurance coverage to another insurer.

14.  "Foreign captive insurer" means any captive insurer that is domiciled in and licensed under the laws of another state that imposes statutory or regulatory standards on captive insurance companies in that state that are acceptable to the director.

15.  "Group captive insurer" means any of the following:

(a)  A risk retention group.

(b)  An industry group captive insurer.

(c)  An association captive insurer.

16.  "Industry group" means two or more business entities or persons that are engaged in businesses or activities similar or related with respect to the liability that they are exposed to by virtue of any related, similar or common business, trade, product, services, premises or operations.

17.  "Industry group captive insurer" means a captive insurer that is completely under the direct or indirect voting control of an industry group.

18.  "Manager" means a person who is experienced in the field of captive insurance and who maintains all documents relating to a captive insurer's operations, transactions and affairs in this state and assists the captive insurer in its management and compliance with this article.

19.  "Member" means any individual or business entity that belongs to a group captive insurer.

20.  "Participant" means an entity and any affiliates of the entity that are insured by a protected cell captive insurer pursuant to a participant contract.

21.  "Participant contract" means a contract by which a protected cell captive insurer insures risks of one or more participants and limits losses under the contract to the assets of a protected cell.

22.  "Protected cell" means a separate account that is established and maintained by a protected cell captive insurer pursuant to a participant contract.

23.  "Protected cell captive insurer" means a captive insurer:

(a)  In which the minimum capital and surplus required by applicable law is provided by one or more sponsors.

(b)  That is formed and licensed under this article.

(c)  That insures the risks of participants through participant contracts.

(d)  That segregates liability under a participant contract through one or more protected cells.

24.  "Pure captive insurer" means a captive insurer that insures only the risks of its affiliates and controlled unaffiliated business.

25.  "Risk retention group" means a captive insurer that is organized pursuant to the liability risk retention act of 1986 (15 United States Code sections 3901 and 3902) and chapter 14 of this title.

26.  "Sponsor" means an entity that meets the requirements of section 20‑1098.06 and that the director has approved to provide all or part of the capital and surplus required by applicable law to operate a protected cell captive insurer. END\_STATUTE