



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

December 20, 2024

Bulletin No. FS-49

TO: RISK RETENTION GROUPS DOING BUSINESS, REGISTERED OR DOMICILED IN CONNECTICUT

SUBJECT: ADMINISTRATIVE AND GOVERNANCE INFORMATION FOR RRGs

Please be advised that this Bulletin applies to all RRGs specifically including any RRG operating as a captive insurance company.

A. Risk Retention Groups Domiciled Outside Connecticut

Each RRG doing business in the State of Connecticut (non-Connecticut domiciled and not Connecticut licensed) must be registered with the Commissioner prior to offering insurance in this state. As provided for in section 38a-252 of the Connecticut General Statutes, each RRG seeking to register must submit (1) a statement identifying the state or states in which the RRG is chartered and licensed, the date of chartering, its principal place of business, (2) a copy of its plan of operations or a feasibility study and revisions of such plan or study submitted to its state of domicile and (3) a statement of registration designating the Commissioner as its agent for the purpose of receiving service of legal documents or process. The plan or study must include information as to the coverages, deductibles, coverage limits, rates, and rating classification system for each line of insurance the RRG intends to offer. Any RRG offering insurance in this state will promptly submit this plan, if not already done so, to the Commissioner. Each RRG shall also submit to the Commissioner a copy of any material revisions of its plan of operations, or a feasibility study submitted to its state of domicile not later than 30 days after the date the insurance regulatory official of such group's state of domicile approves such revisions or, if no such approval is required, not later than 30 days after submission to such group's state of domicile.

B. Risk Retention Groups Domiciled in Connecticut

Section 38a-251 of the Connecticut General Statutes requires that each RRG domiciled in this state shall comply with the laws, rules, regulations, and requirements applicable to insurers chartered and licensed in this state, and each RRG seeking to be chartered and licensed in this state, shall also comply with Conn. Gen. Stat. section 38a-252 (discussed above). As further provided in Conn. Gen. Stat. section 38a-251, each RRG seeking to be chartered in this state shall, before it may offer insurance in any state, submit for approval to the Commissioner (1) a plan of operation or feasibility study, and (2) revisions to such plan or study of any material change in any item of such plan or study. A RRG shall not offer any additional lines of liability insurance in this state or any other state or operate under any other material change, including a change in rates, until such plan or study has been revised and the Insurance Commissioner has approved such revision.

In addition, the risk retention group shall provide to the Commissioner with its application filing for charter the following information in summary form: (1) The identity of the initial members of the group; (2) the identity of the individuals who organized the group or who will provide administrative services or influence or control coverages to be offered; and (3) the states in which the group intends to operate. Each RRG should also provide a statement designating the Commissioner as its agent for the purpose of receiving service of legal documents or process.

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C. Governance Standards for Risk Retention Groups Chartered or Seeking to be Chartered in Connecticut

Section 38a-251a of the Connecticut General Statutes establishes corporate governance standards for Connecticut domiciled RRGs which are substantially similar to the NAIC Model Risk Retention Act. Such standards should be complied with at the time of licensure or, for a risk retention group chartered in this state prior to October 1, 2016, not later than October 1, 2017, and include provisions requiring, among other things:

- (1) governance by a board of directors (“BOD”) who are elected by the owners or members of such group, with a majority of the BOD being independent;
- (2) standards on material contracts between the RRG and service providers;
- (3) adoption by the board of directors of a written policy in its plan of operation or a feasibility study that requires the board of directors to (A) provide evidence of ownership to each owner and member, (B) develop governance standards, (C) oversee the evaluation of management, (D) review and approve the amount to be paid under material service provider contracts, and (E) at least annually, review and approve goals and objectives relevant to the compensation of officers and service providers, the performance of officer and service providers in light of such goals and objectives, and the continued engagement of officers and service providers;
- (4) establishment of an audit committee composed of at least three independent directors pursuant to a written charter defining the committee’s responsibilities as specified in the statute;
- (5) adoption and disclosure of governance standards and business conduct and ethics for officers, directors and employees, as specified in the statute;
- (6) prompt reporting of material non-compliance of such standards to the Commissioner.

For Risk Retention Groups domiciled outside of Connecticut, the required filings should be submitted electronically to: CID.RRG@ct.gov; For Risk Retention Groups domiciled or to be domiciled in Connecticut, the required filings should be submitted electronically to: CID.CaptiveRequests@ct.gov

Questions and additional requests for information pertaining to this Bulletin should be directed to the Captive Insurance Division via e-mail: Fenhua.Liu@ct.gov or by phone to (860) 256-7925.



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