



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Insurance Division

News Release

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INSURANCE COMMISSIONER SEEKS JAPANESE INTERESTS IN HAWAII'S CAPTIVE INSURANCE

HONOLULU – The Department of Commerce and Consumer Affairs has reached out to Japan to boost interest in the state's captive insurance. Last month, Hawai'i Insurance Commissioner Gordon Ito and Captive Insurance Administrator George Sumner conducted two captive insurance seminars in Tokyo. The seminar focused on the economic benefit of a captive insurance company and the benefits of setting up a captive in Hawai'i versus other jurisdictions.

"This was a different format than we have conducted in the past," stated Commissioner Ito. "It worked well and gave us more individual contact with potential captives. We also set up individual meetings in Tokyo and Osaka with captive owners, prospective captive owners, traditional insurers, and a representative of the U.S. Embassy in Tokyo."

Captive insurance is a form of self-insurance in which large companies set up their own insurance branch to cover their risks. Smaller companies may take advantage of a similar alternative risk management approach by banding together in a risk retention group.

In 2010, the economic impact of this captive industry brought more than \$17 million in direct spending to Hawai'i, with local professional services, board of directors meetings, and other ancillary spending.

“We have a long-standing historical and cultural relationship with Japan, and thus can better help Japanese companies achieve their goals,” said Captive Administrator George Sumner. “Interest in new captives in Hawai‘i continues to be strong, and Hawai‘i’s captive industry continues to do a superior job in meeting the dynamic insurance and risk financing needs of businesses in the U.S. and abroad.”

Hawai‘i is one of the few captive jurisdictions in the world, which maintains a dedicated branch within the government to provide for the prudent regulation and development of this specialized industry. Currently, Hawai‘i has 16 captive insurance companies that are owned by Japanese companies. Hawai‘i is the second largest domicile in the United States and is the fifth largest domicile in the world based on the combined capital of assets of the captives as of December 31, 2010, with over \$9.1 billion.

Since Hawai‘i’s captive law was enacted in 1986, the state has issued 240 captive licenses, of which 168 are active today. For the year ending December 31, 2010, Hawai‘i’s captive industry estimated total combined assets was \$9.1 billion, which approximately \$1 billion was invested in or through Hawai‘i-based financial institutions.

“The evolving needs of business owners and the dynamic environment in which they operate have made it imperative for us to maintain appropriate technical expertise in the regulation and development of this unique industry. Through the support of the Legislature and Administration, the Division has amended the captives laws to meet the ever going changes and to hire professional staff who provide the monitoring, financial surveillance and development of all Hawai‘i licensed captives,” said Commissioner Ito.

For more information, contact the Captive Insurance Branch of the Insurance Division at (808) 586-0981 or email the branch at captiveins@dcca.hawaii.gov.

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