



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS  
Insurance Division

## DCCA News Release

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### **HAWAII ISSUES 200TH CAPTIVE INSURANCE LICENSE**

HONOLULU – Hawaii Insurance Commissioner J. P. Schmidt is pleased to announce the licensure of Hawaii's 200th captive insurance company. The new company, MHC Insurance Company, Ltd., which participates in insuring the worldwide risks of its Japanese-related owners and affiliates, was granted its license on November 1, 2006.

"This is another milestone for Hawaii's captive insurance industry, and represents the continuing success of the state's efforts to maintain a reputable and attractive environment for this specialized kind of business," said Commissioner Schmidt. "Interest in new captives in Hawaii continues to be strong, in spite of lower commercial insurance market prices and the proliferation of new captive jurisdictions across the country."

When Hawaii initially enacted its captive laws in 1986, there were only about four states that allowed captives. Today, more than half of the states in America allow the formation of captive insurance companies. In 2006, large national and international companies have continued to select Hawaii as their home for their captive insurance companies.

Significant highlights for the year include:

- Licensure of Hawaii's first captive to insure employee benefit risks. AGL Resources ("AGL") received U.S. Department of Labor exemption from Employee Retirement Income Security Act (ERISA) and approval to utilize its Hawaii captive, Global Energy Resource Insurance Company USA, to insure some of its U.S. employee benefits programs. AGL is a fortune 1000 company based in Atlanta, Georgia that specializes in the distribution of natural gas.
- Hawaii continues to attract Japanese-related captive owners with the licensing of DENSO Reinsurance America. The captive is owned by the DENSO Corporation of Japan, a leading global supplier of advanced technology, systems and components to the major automakers around the world.

Since 1999, Craig Watanabe has overseen the state's regulation of the captive insurance industry. For the 2005 calendar year, Hawaii's 158 actively licensed captives had combined premiums of approximately \$1.6 billion and total combined assets of \$6.5 billion. Hawaii is the second largest captive domicile in the United States and is in the top ten in the world, based on the number of licensed companies. Based on total combined assets, Hawaii is one of the top five domiciles in the world.

"The business conducted by our current licensees is expected to increase as companies continue to refine and expand their existing captive programs," said Watanabe.

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

Development and oversight of the captive insurance industry rests with the Hawaii Insurance Commissioner, Insurance Division, Department of Commerce and Consumer Affairs, State of Hawaii.

For more information, contact the Captive Insurance Branch of the Insurance Division at (808) 586-0981 or log on to the branch's website at [www.captiveinsurance.hawaii.gov/](http://www.captiveinsurance.hawaii.gov/).

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