



DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
Insurance Division

DCCA News Release

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HAWAI'I'S CAPTIVE INSURANCE INDUSTRY CONTINUES TO THRIVE

HONOLULU – The State of Hawai'i issued licenses to 10 new captive insurance companies in 2007, bringing to 212 the cumulative number of licenses issued, since the industry was established in the state in 1986.

The new licensees in 2007 include organizers from the United States and Japan. The latest captive licensees are involved in insuring risks related to real estate development, construction, energy, transportation and financial services. The number of actively licensed captives is 163, as of December 31, 2007.

Hawai'i maintains its position as the premier location in the Pacific for captive insurance business, and is the second largest in the United States, and the fifth largest domicile in the world – based on the combined capital assets of the captive companies.

Hawai'i's captive industry continues to contribute to the state's economy with captive licensees maintaining combined total assets of approximately \$6.4 billion, of which \$1.1 billion is invested through Hawai'i financial institutions annually. These captive companies spend an estimated \$16 million per year in the state, and employ approximately 100 full time specialists in accounting, management, legal, insurance consulting, and banking and investment management.

“Prospective captive organizers and astute captive insurance specialists recognize the quality and consistency of our regulatory approach and environment here in Hawai'i,” said Hawai'i Insurance Commissioner J.P. Schmidt.

Hawai'i's Captive Insurance Administration Branch includes eight surveillance and examination specialists with extensive experience in insurance accounting, operations and regulation.

Craig Watanabe, the state's captive insurance administrator, was also recently designated as a deputy insurance commissioner in June 2007.

"Maintaining a branch with staff exclusively dedicated to captives enables us to efficiently meet the dynamic needs of captive owners, the public, and other regulatory authorities that may be affected by the industry," explained Watanabe. "Stability and consistency are important factors that enhance the short-term and long-term success of a captive."

Captive insurance is a formalized approach to self-insurance, where a company sets up a new company in Hawai'i and obtains a special license from the Insurance Commissioner to insure the risks of its owner and affiliates.

To learn more, contact the Captive Insurance Branch of the Insurance Division at (808)586-0981 or check the website at www.captiveinsurance.hawaii.gov.

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