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January 16, 2008

Memorandum 2008 – 1C

TO: CAPTIVE INSURERS AUTHORIZED IN HAWAII

SUBJECT: Captive Insurance Company
2007 Annual Filing Requirements due in 2008

I. GENERAL INFORMATION

- A. File all documents directly with the Insurance Division.
- B. Required filings for risk retention captive insurance companies (RRG) are administered directly by the Financial Surveillance and Examination Branch of the Hawaii Insurance Division. RRG Annual Filing Requirements may be found at http://www.naic.org/industry_filing_state_instructions.htm
For questions and inquiries, contact **John Pang** directly at (808)586-7379.
- C. For due dates that fall on a weekend or State holiday, filing on the first working day following that weekend or State holiday will be accepted.
- D. Postmark dates will be recognized in determining filing deadlines.
- E. Fine for late filing of the audited financial statement, statutory annual statement, quarterly statements, and other required filings. **All captives are subject to a fine for filing after the due date of not more than \$500 per day (HRS 431:19-107).**
- F. Make all checks payable to the “**DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS**”. A service charge of \$15 will be due for each dishonored check, and replacement checks must be certified.
- G. Contact Judy Nako at (808)586-0981 or fax at (808)586-0987.

II. DOCUMENTS AND FILING DEADLINES

| Document / Description | # of Copies | 2008 Filing Deadline |
|---|----------------------------|--|
| <p>STATEMENT OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS (Includes at a minimum: audit of Balance Sheet, Income Statement and Statement of Cash Flows)</p> <p>Prepared according to GAAP or other comprehensive basis of accounting for Class 1, 2, 4 and 5 captives, and SAP for Class 3 captives, all audited by an approved independent certified public accountant, is due as follows:</p> <p>Class 1, 2, 4 and 5 Captives due on or before the last day of the sixth month following the end of the company's fiscal year end.</p> <p>Class 3 Captives</p> <p>Branch Captives</p> | <p>2</p> <p>2</p> <p>2</p> | <p>As Due</p> <p>June 1</p> <p>Due 30 days after filed in Parent's Home Domicile</p> |
| <p>ANNUAL STATEMENT</p> <p>Prepared for Class 3 captives only, (unless otherwise specified by the Insurance Commissioner for Class 1, 2, 4 and 5 captives), on 8.5"x14" form as required by the NAIC for the year 2007. Verified by oaths of at least two principal officers and properly notarized signatures.</p> | <p>2 Hardcopies</p> | <p>March 1</p> |
| <p>TAX STATEMENT <Annual Statement of Premiums Received for Taxation Purposes CAP-001 revised 12/07></p> <p>Prepared for the 2007 year attested by notarized signature of captive's duly authorized representative, and accompanied by appropriate payment.</p> | <p>1</p> | <p>March 1</p> |
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|---|----------------------------|--|
| <p>ACTUARIAL OPINION / CERTIFICATION OF RESERVE FOR LOSSES</p> <p>Prepared by a member of the American Academy of Actuaries or other qualified loss reserve specialist as defined in the annual statement adopted by the NAIC and approved by the Commissioner, alternatively, each Class 1, 2, 4, and 5 captive may utilize an actuarial opinion prepared by a loss reserve specialist deemed appropriate by the Commissioner.</p> <p>Class 1, 2, 4 and 5 Captives</p> <p>Class 3 Captives</p> <p>Branch Captives</p> | <p>2</p> <p>2</p> <p>2</p> | <p>Last day of sixth month following fiscal year end</p> <p>March 1</p> <p>Due 30 days after filed in Parent's Home Domicile</p> |
| <p>AMENDMENTS TO CHARTER, BY-LAWS, ETC.</p> <p>Any changes made in 2007 (if not previously filed and approved) must be submitted bearing an original certification by the proper officer of the state or country or domicile.</p> | <p>1</p> | <p>March 1</p> |
| <p>CASH AND INVESTED ASSETS HELD IN HAWAII <CAP-004></p> <p>Form has been discontinued effective 12/07 and has been incorporated into <CAP-003> See ECONOMIC IMPACT REPORT <CAP-003 revised 12/07></p> | <p>N/A</p> | <p>N/A</p> |
| <p>CAPTIVE QUESTIONNAIRE <CAP-002 Revised 12/07></p> <p>Reported for the fiscal year ending in 2007.</p> <p>Class 1, 2, 4 and 5 Captives</p> | <p>1</p> | <p>Last day of sixth month following fiscal year end</p> |

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|---|-------------|---|
| Class 3 Captives | 1 | March 1 |
| Branch Captives | 1 | Due 30 days after filed in Parent's Home Domicile |
| CERTIFICATE OF COMPLIANCE Each Branch Captive shall file a Certificate of Compliance issued by the insurance regulatory authority of the Parent's Home Domicile along with a certified copy of the Parent's most recent examination report conducted by its Home Domicile. | 1 | March 1 |
| ECONOMIC IMPACT REPORT <CAP-003 Revised 12/07> Expenses reported on an accrual basis and report cash and invested assets at market value for calendar year 2007. | 1 | March 1 |
| INACTIVE STATUS REPORT <CAP-005 Revised 12/07> Reporting of captives that are not actively writing business. | 1 | March 1 |
| INSURED VEHICLE CENSUS REPORT <Form MVID14-2(1) 9/74> Required by captives authorized to write direct motor vehicle insurance. Captive with no underwriting risk in Hawaii should submit "nil" report. Only Columns 3 and 4 of Census Report should be completed. Report as of December 31, 2007. | 1 | February 15 |
| DRIVERS' EDUCATION FUND UNDERWRITERS' FEE Applicable only to captives writing direct motor vehicle insurance in Hawaii. See Memorandum No. 2002-9R for payment instructions. For Quarter/Year ending December 31, 2007. | 1 | February 15 |

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| <p>ANNUAL LICENSE RENEWAL FEE</p> <p>Required for renewal of Certificate of Authority. (ref. HAR §16-17-6(a))</p> | 1 | April 1 |
| <p>ANNUAL ASSESSMENT FOR WORKERS' COMPENSATION INSURANCE SPECIAL COMPENSATION FUND (ref. HRS §386:151 & HRS §386:152)</p> <p>Required for captives writing workers compensation risks on a direct basis in Hawaii only.</p> | 1 | Within 30 Days of Demand |
| <p>STATUTORY COMPLIANCE <CAP-006(a), CAP-006(b); Revised 12/07> HRS §431:19-104 and §431:19-110</p> <p>There are two (2) Statutory Compliance forms.</p> <ol style="list-style-type: none"> Existing form is for those Captive's who <u>DO NOT</u> have an approved Strategic Investment Policy (CAP-006(a)) NEW form is for those Captive's that <u>HAVE</u> an approved Strategic Investment Policy (CAP-006(b) - Approved Strategic Investment Policy) <p>Reported for the fiscal year ending in 2007</p> <p>Class 1, 2, 4 and 5 Captives</p> <p>Class 3 Captives</p> <p>Branch Captives</p> | <p>2</p> <p>2</p> <p>2</p> | <p>Last day of sixth month following fiscal year end</p> <p>March 1</p> <p>Due 30 days after filed in Parent's Home Domicile</p> |