



2026 State of the Captives

Andrew Norton, CPCU, ARe

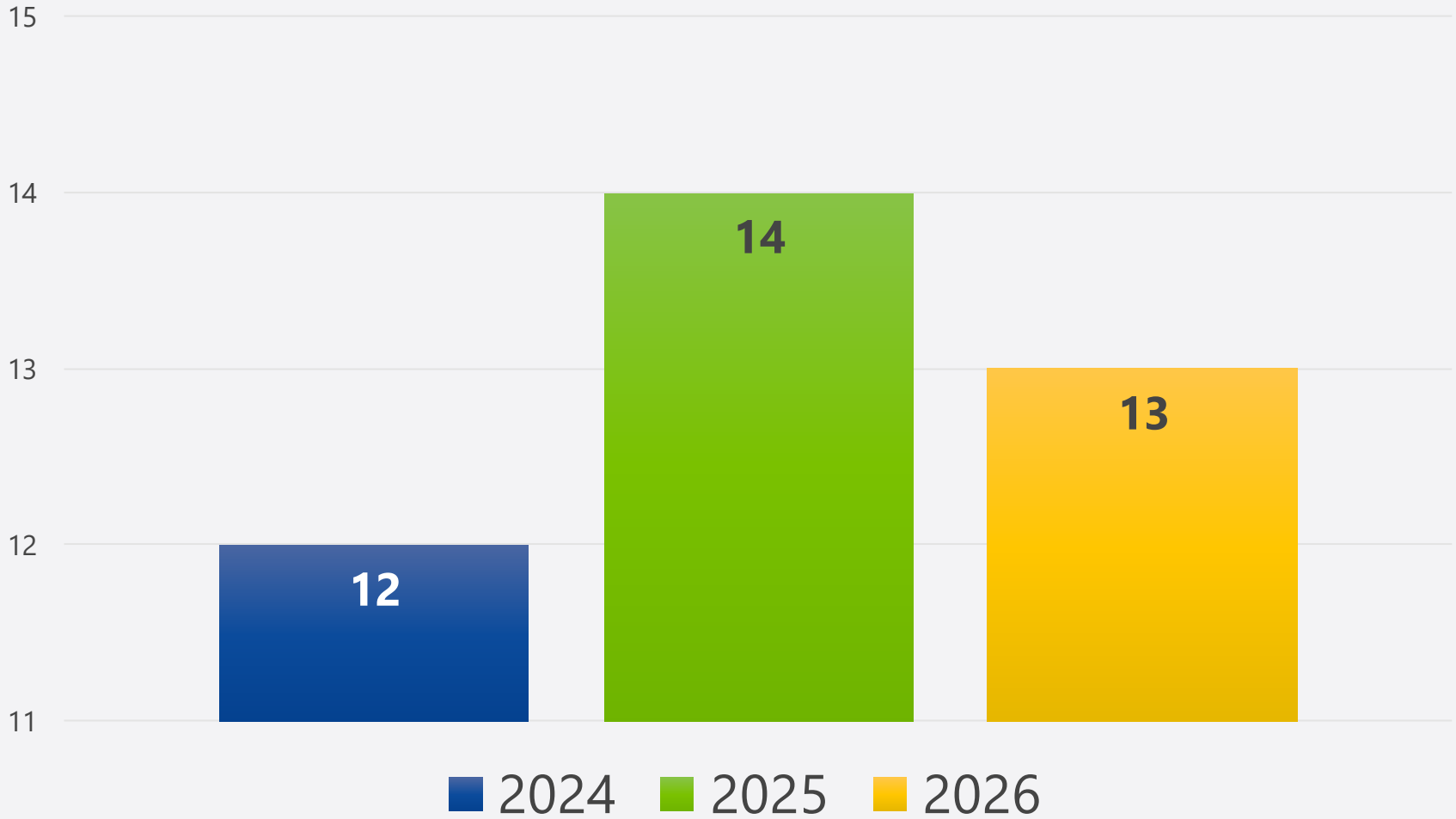




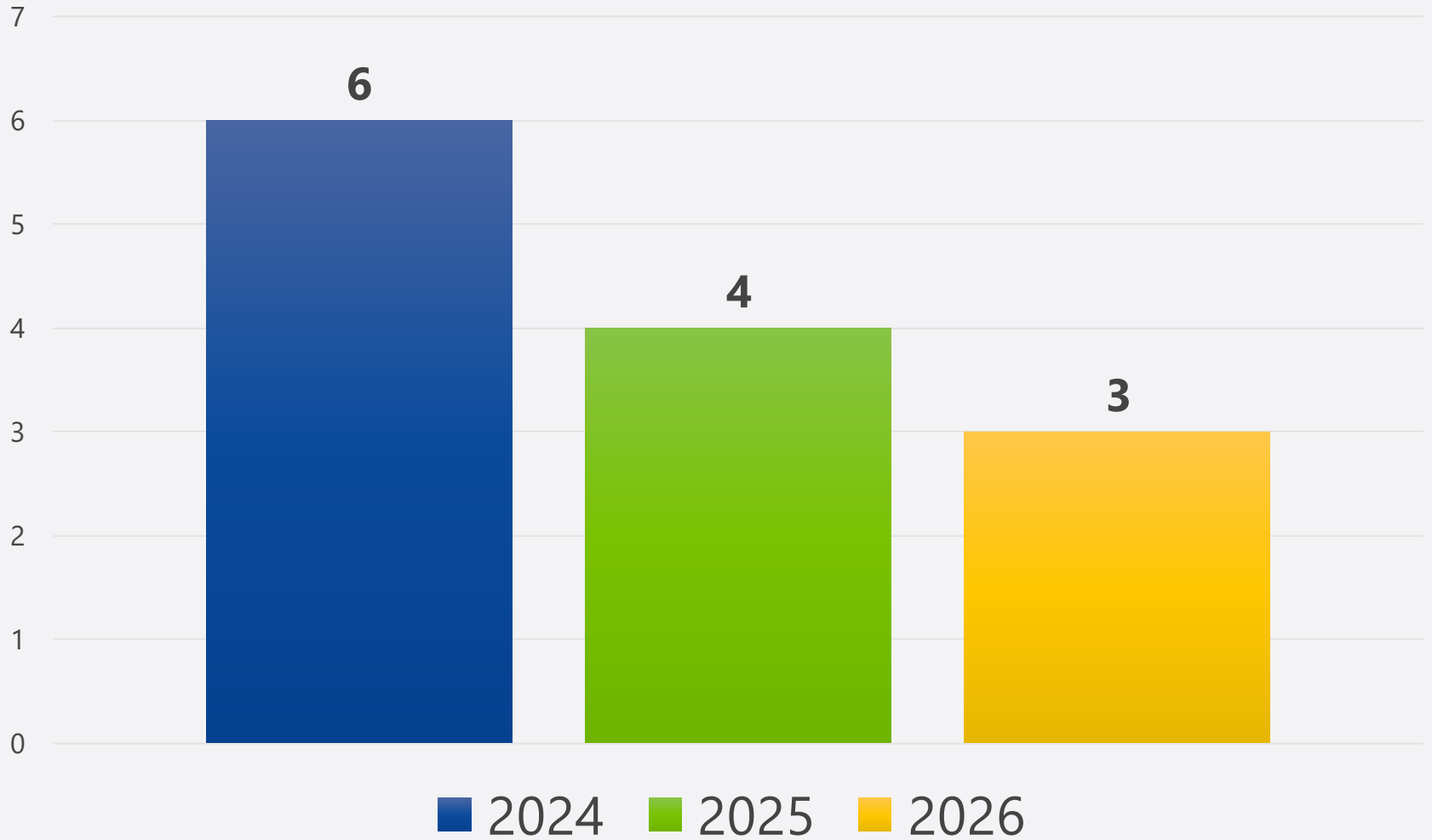


WHAT HAPPENED IN 1846?

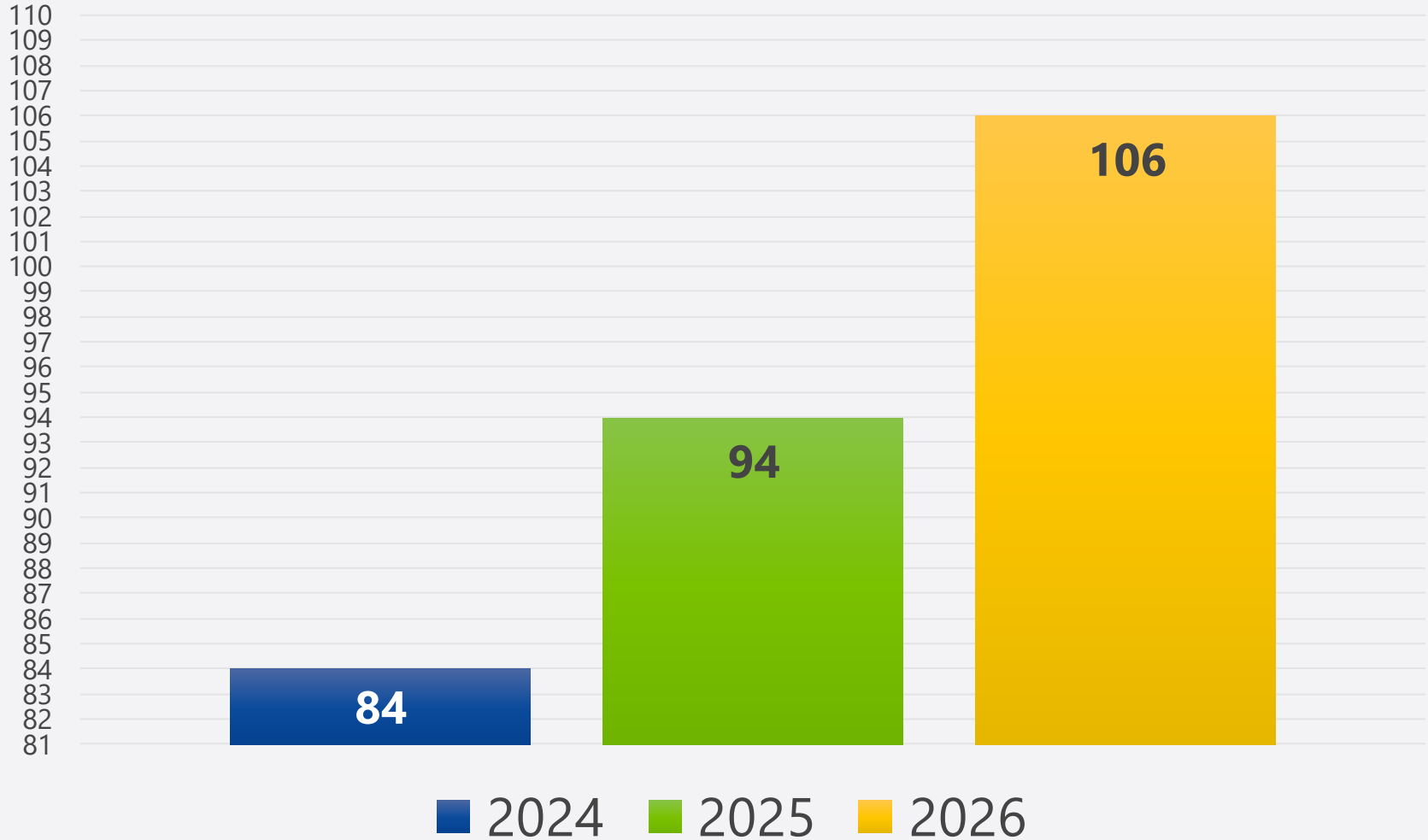
New Licenses



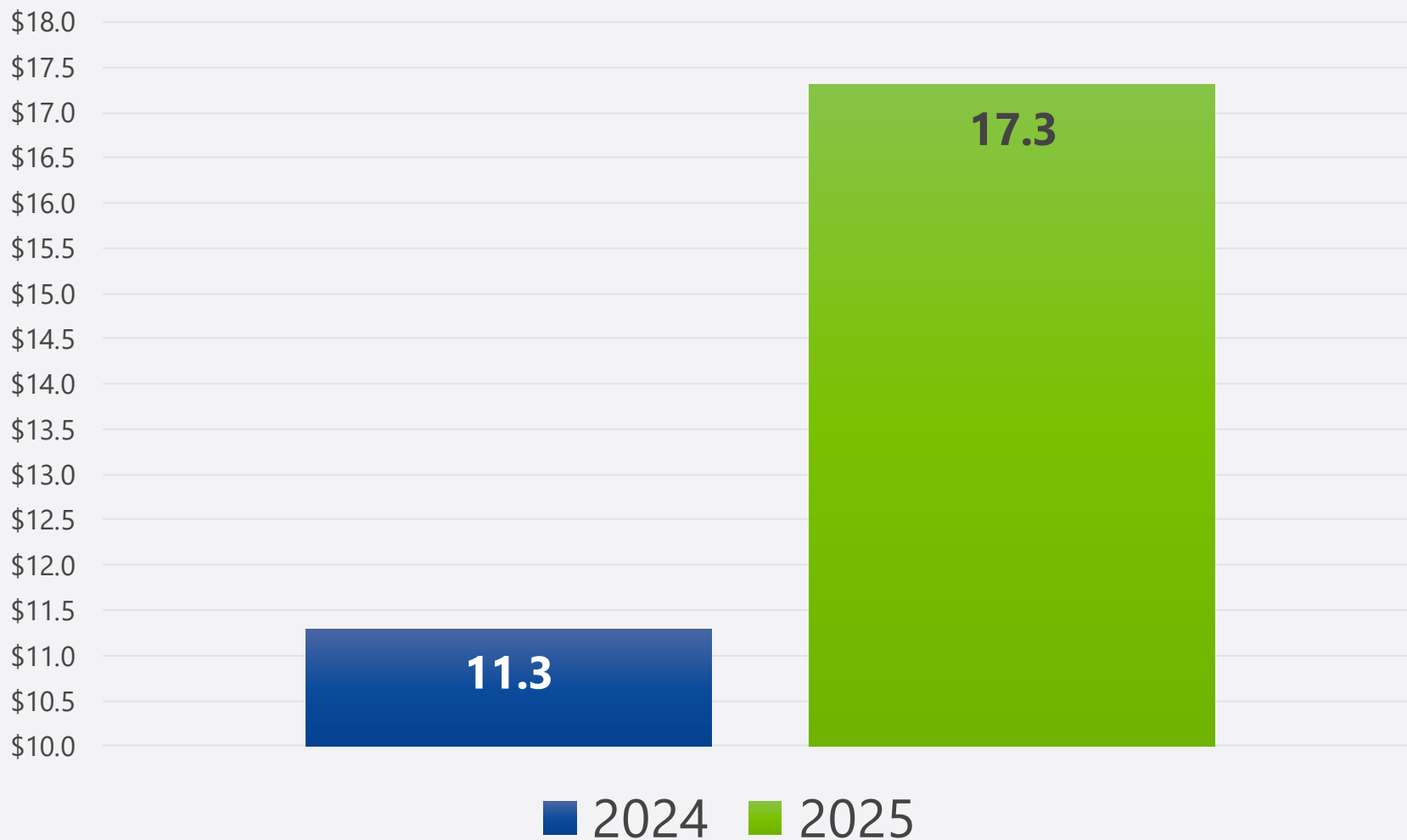
License Surrender/Dissolutions



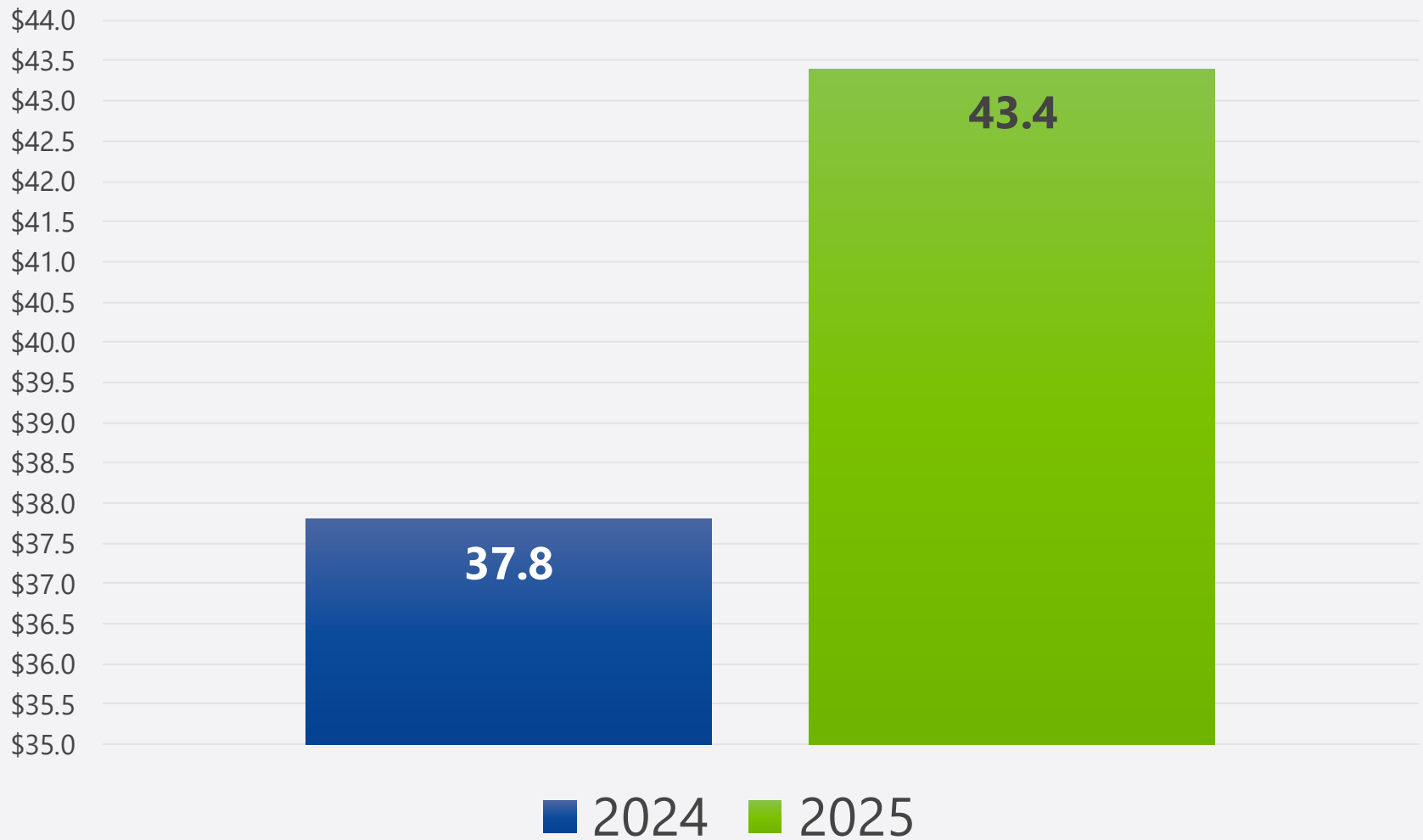
Licensed Captives



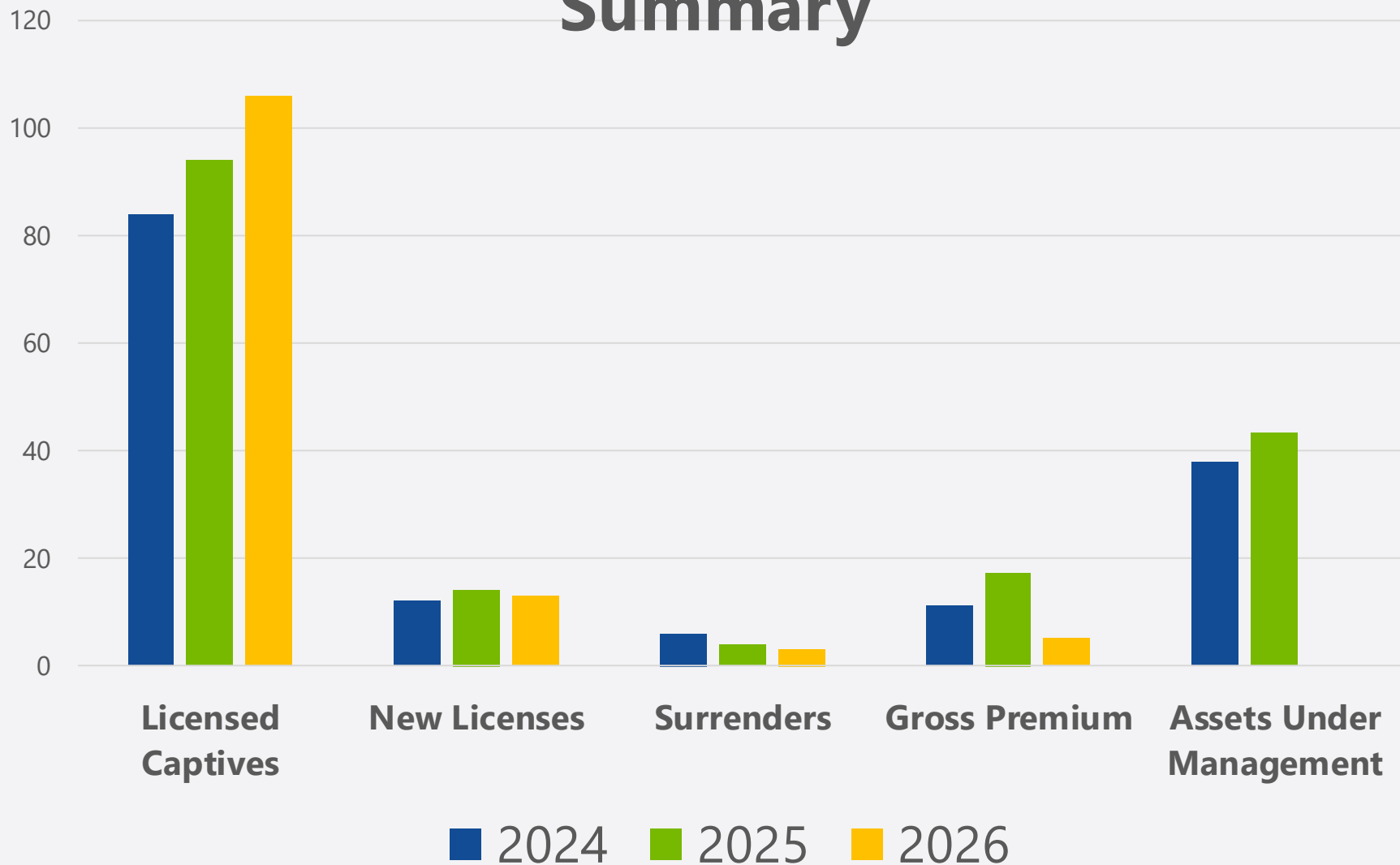
Gross Premium



Assets Under Management



Summary



HOT TOPICS

- Timely Expectations
- Business Plan Changes
- Trending Timelines for New Captives
- TDI Document Portal

RESOURCES

<https://www.tdi.texas.gov/insurer/captives.html>



Q & A

How to Contact Me?

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Regulatory Examinations of Captive Insurers

Shawn Frederick, CFE, CFE (Fraud)

Chief Examiner

Texas Department of Insurance

Overview of Financial Examinations

Purpose:

- Determine compliance with the rules and regulations
- Determine financial solvency

Types of Financial Exams:

- Qualifying
- Comprehensive

Overview of Financial Examinations

Types of Financial Examinations:

- Qualifying:
 - Frequency – occurs on all new formations
 - Performed to determine:
 - Minimum capitalization requirements
 - Minimum compliance with rules/regulations

Overview of Financial Examinations

Types of Financial Examinations:

- Comprehensive:
 - Frequency:
 - Occurs once every 5 years after formation
 - Redomestications depend on date of last exam
 - Performed to determine:
 - Financial solvency
 - Compliance with rules/regulations
 - Following Plan of Operation

Overview of Financial Examinations

Qualifying Exams

Avg. Hours	38 hours
Avg. Duration	22 days
Avg. Weeks	1.18 weeks

Comprehensive Exams

Avg. Hours	104 hours
Avg. Duration	86 days
Avg. Duration w/ Waiver	72 days

Examination Process

- Send exam notification letter and billing information.
- Plan exam by gaining an understanding of the company.
- Perform detailed examination procedures.
- Draft report and management letter.
- Conduct exit conference
- Send transmittal letter and close letter
 - 14 days to review the report and contest it.
 - Deemed adopted on the 15th day.

Friction Points

Qualifying Exams:

- Time to obtain bank confirmations
- Noncompliance with rules/regs

Comprehensive Exams:

- Inability to obtain/access to CPA workpapers
- Unresponsiveness or incomplete responses

Common Findings

- Not receiving approval of distributions or dividends
- Not filing affiliated loan agreements
- Not filing material changes to plan of operation
- Not providing notice within 30 days of execution of becoming party to reinsurance agreement

QUESTIONS?

Contact Information

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