

§ 58-10-535. Security for payment of branch captive insurance company liabilities.

(a) No branch captive insurance company shall be issued a license by the Commissioner unless it possesses and maintains as security for the payment of liabilities attributable to the branch operations:

- (1) An amount equal to the amount set forth in G.S. 58-10-370 as the minimum capital requirement for a pure captive insurance company.
- (2) Reserves on such insurance policies or such reinsurance contracts as may be issued or assumed by the branch captive insurance company through its branch operations, including reserves for losses, allocated loss adjustment expenses, incurred but not reported losses, and unearned premiums with regard to business written through the branch operations; provided, however, that the Commissioner may permit a branch captive insurance company to credit against any such reserve requirement any security for loss reserves that the branch captive insurance company may post with a ceding insurer or that may be posted by a reinsurer with the branch captive insurance company, and in either case if such security remains posted.

(b) Subject to the prior approval of the Commissioner, the amounts required in subsection (a) of this section may be held in the form of:

- (1) A trust formed under a trust agreement and funded by assets acceptable to the Commissioner.
- (2) An irrevocable letter of credit issued by a bank approved by the Commissioner.
- (3) With respect to the amounts required in subdivision (a)(1) of this section only, cash on deposit with the Commissioner.
- (4) Any combination of subdivisions (b)(1) through (3) of this section. (2013-116, s. 1; 2015-99, s. 1.)