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STEPS TO FORMING A CAPTIVE

Generally, the process of incorporating a captive insurer in Alabama and applying for a license from the Department of Insurance will involve the following steps:

1. Arrange a meeting with the Deputy Commissioner and Chief Examiner and staff to discuss the proposed captive and obtain initial reactions from the Department.
2. Prepare documents necessary for incorporation. The services of a local lawyer may be desirable.
3. Prepare documents necessary for application to the Department (see captive application on our website for a list of these items).
4. Submit one copy of all materials in numbers (2) and (3) above to the Commissioner of Insurance for review. Include a \$200.00 application fee; there will also be a fee for outside experts to review the application.
5. Submit one additional copy of the application material to the assigned review firm when instructed to do so by the Commissioner.
6. Petition the Commissioner to issue a Certificate of General Good. The factors to be addressed are outlined in Section 27-31B-1 et seq. Code of Alabama 1975.
7. After the Commissioner has issued the Certificate of General Good, present it and the documents in number (2) above to the Secretary of State's office along with the appropriate fee in order to incorporate the captive.
8. After the incorporation, apply to the Commissioner for a Certificate of Authority and enclose the Power of Attorney form along with a \$300.00 license fee.

Other requirements:

1. Select an Alabama approved management firm.
2. Have your CPA complete the necessary form for authorization to perform audits.
3. Have your actuary complete the necessary form for authorization to render the opinion on reserves.
4. An organizational exam may be performed by the Department as soon as possible after you receive the Certificate of Authority and have capitalized the captive. The cost of this exam will be borne by the applicant.