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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 departmental staff to discuss the proposed captive and obtain initial reactions concerning the formation and operation of the captive.
2. 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.
3. Prepare documents necessary for incorporation. File those documents and the Certificate of General Good received in response to step 2 with the Judge of Probate in the Alabama County of incorporation. The services of a local lawyer may be desirable.
4. Prepare documents necessary for application to the Department (see captive application on our website for a list of these items).
5. Submit one copy of all materials in numbers (3) and (4) 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 if needed.
6. Submit one additional copy of the application material to the assigned review firm if instructed to do so by the Commissioner.
7. Once preliminary approval is granted fund the captive and provide the necessary documentation to permit confirmation by the department.
8. Submit a \$300.00 licensure fee.

Other requirements:

1. Select an Alabama approved captive management firm.
2. Have your CPA complete the necessary form for authorization to perform captive audits or designate a previously approved CPA to perform these services.
3. Have your actuary complete the necessary form for authorization to render the opinion on reserves or designate a previously approved actuary to perform these services.
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.