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## **REGULATORY BULLETIN 2010-03<sup>1</sup>**

**TO:** Captive Risk Retention Groups, Captive Insurance Trade Associations and Other Interested Parties

**FROM:** Christina Urias  
Director of Insurance

**DATE:** December 2, 2010

**RE:** **NAIC Accreditation Requirements for Risk Retention Group Captives**

The purpose of this Regulatory Bulletin is to notify you of new National Association of Insurance Commissioners' (NAIC) accreditation requirements applicable to risk retention group captives (RRG captives). This Bulletin relates **solely** to requirements for RRG captives and does not apply to any other captive insurers. Arizona Department of Insurance Regulatory Bulletin 2005-7 is hereby amended, and superseded if inconsistent, by this Bulletin **solely** as it relates to RRG captives compliance with the specific provisions of Title 20 discussed herein.

The NAIC adopted new accreditation requirements applicable to RRG captives. The Department must implement these requirements by **no later than January 1, 2011** or risk losing its NAIC accreditation. The Department believes that all of the NAIC's new accreditation requirements are already applicable to Arizona RRG captives by statute, rule, procedure or policy except for the Insurance Holding Company Systems statutes (Arizona Revised Statutes §§ 20-481 through 20-481.30) and the Producer Controlled Property and Casualty Insurance statutes (Arizona Revised Statutes §§20-487 through 20-487.04).

Under the new NAIC accreditation requirements, RRG captives are subject to the Insurance Holding Company Systems statutes and the Producer Controlled Insurance statutes. The Department will pursue legislation to implement the changes as soon as practicable in order to maintain its NAIC accreditation. After January 1, 2011, we

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<sup>1</sup> This Substantive Policy Statement is advisory only. A Substantive Policy Statement does not include internal procedural documents that only affect the internal procedures of the Agency, and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona Administrative Procedure Act. If you believe that this Substantive Policy Statement does impose additional requirements or penalties on regulated parties, you may petition the Agency under Arizona Revised Statutes Section 41-1033 for a review of the Statement.

request that currently licensed RRG captives voluntarily comply with all of the new NAIC accreditation requirements until such time as the necessary legislation passes and is effective.<sup>2</sup>

Please note that we currently have no producer controlled RRG captives operating in Arizona so no change in operations will be required for compliance with this statute.

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<sup>2</sup> It is the Department's intention to require RRG captives to comply with all of the NAIC RRG accreditation requirements. This Bulletin is intended to provide you with notice regarding those Title 20 provisions that may be new requirements for Arizona RRG captives. The Department believes that all NAIC RRG accreditation requirements that are not listed herein are already applicable to Arizona RRG captives.