



DISB Update & Ask the Regulators

Thursday, October 30, 2025
4:15 p.m. - 5:00 p.m.

SPEAKERS



Sean O'Donnell
Associate Commissioner
DISB



Jop Bunyasrie
Director of Financial Analysis
Risk Finance Bureau
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Christine Afolabi
Financial Examiner/Analyst
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Rebecca (Becky) Davis
Financial Examiner/Analyst
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DISB RISK FINANCE TEAM

- Karima Woods, Commissioner
- Dana Sheppard, Deputy Commissioner for Market Operations
- Sean O'Donnell, Associate Commissioner
- Surayuth (Jop) Bunyasrie, Director of Financial Analysis*
- Christine Afolabi, Examiner/Analyst
- Rebecca Davis, Examiner/Analyst
- LaTasha Davis, Analyst
- Anu Andrew, Analyst
- (Ell) Maurice Fuller, Analyst
- Melondy Scott, Licensing Specialist*
- David Christhilf, P&C Actuary

*Promotion/New since last year

HISTORY OF DC CAPTIVES

- DC passed its captive law in 2000 and licensed its first captive in 2001.
- Comprehensive and flexible captive law, including “Wildcard” provision: DC Code § 31–3931.02.(c) - Notwithstanding subsections (a) and (b) of this section, the Commissioner may authorize a captive insurer that is otherwise qualified to conduct business in the District to engage in any activity in any form permitted by a captive insurer in any other jurisdiction.
- Dedicated captive unit – the “Risk Finance Bureau” (RFB). All captives are licensed and regulated within the RFB. All staff have various professional designations such as CPA, CFE, etc.
- DISB has licensed 413 captives since 2001, and currently has 215 active captives.



HISTORY OF DC CAPTIVES (CONT.)

- Various LOBs – Property, Workers Comp, Terrorism, Liability (G/L, P/L, Cyber, Wildfire, D&O, other liab), Reinsurance, Commercial Auto, Title
- Various Industries – Healthcare, Insurance, Services, Construction, Government/Quasi Government, Restaurant, Transportation, Real Estate, Property Management, Energy, Education, Financial Services, Trade Associations, Manufacturing, Defense, Energy, Aviation
- From 2021 to 2025, DC has licensed an average of 25 new captives annually
- So far in 2025, DC has licensed 23 new captives



CAPTIVE ACTIVITY 2025 TO DATE

- DC licensed the following 23 captive entities so far in 2025:
 - 1 Incorporated Cell
 - 20 Protected Cells (unincorporated)
 - 2 RRGs
- Various LOBs – Property, Liability, Reinsurance, WC, Terrorism, Auto, MSL, A&H
- Various Industries – Real Estate, Financial Services, Healthcare, Transportation, Energy, Property Management, Aviation, Manufacturing
- 215 Active Risk Bearing Entities at 10-30-2025

CAPTIVE ACTIVITY 2023, 2024, 2025

2023, 2024, 2025 Trends

- Pure captives and cells
- Property and other lines deductible reimbursement
- Property and other lines excess coverage
- Formations prompted by increasing rates, unavailability or limitations of coverage, desire to take control of and stabilize insurance cost
- 2 RRGs in 2025 (first since 2022, more in the pipeline)

ACTIVE RISK BEARING ENTITIES BY TYPE

As of October 30, 2025(215)

Agency –	1 (PCC)
Association (non-RRG) –	10 (3 PCCs)
Branch -	4
Protected Cells -	106 (78 PCs, 28 ICs)
Pure -	49 (6 PCCs)
Rental -	16 (All PCCs)
Risk Retention Group -	29

DC CAPTIVES

	2022	2023	2024
Total assets under management (AUM)	\$10,281,133,453	\$10,431,967,711	\$11,396,881,785
Total gross written premium (GWP)	\$2,260,062,685	\$2,750,692,502	\$2,954,868,515

DC CAPTIVES (CONT.)

Dedicated captive unit

Stable, experienced staff, very accessible

Fees

\$500 application, \$300 annual COA

Captive board make up requirements

No local director requirement

Captive board meeting requirements

One meeting annually in DC, can be held via video or conference call

**Non-RRG Captive review frequency
(How often captives are reviewed by the regulator)**

Annual desk analysis. Examinations at the discretion of the regulator

Service providers

Not required to be in DC

DC CAPTIVES (CONT.)

Licensing	30 days or less
Premium taxes, non-RRGs	.25% on first \$25 mil, \$100,000 maximum
“One-stop shopping”	Incorporation done in the Department
Minimum statutory capital requirements for cells	\$0 for protected cell captives and \$0 for cells, including incorporated cells
Applications, financial and other filings	100% electronic

DC CAPTIVES (CONT.)

- No fees other than \$500 application fee, \$300 annual certificate of authority fee, and annual premium taxes
- Premium tax rate (DC .25% vs .38% & .4% other major domiciles) and maximum annual premium tax (DC \$100k vs \$200k other major domiciles) are lower than other major domiciles. Potential annual savings up to \$100k on premium taxes
- Premium tax and other payments – NAIC OPTins - March 2026
- Biographical affidavits not required for pure captives and other non-RRG captives
- Financial examination waivers are allowed for pure captives and other non-RRG captives
- Flexible investment law
- Allow for retroactive policy coverage
- Any type of captive can form cells

DC CAPTIVES (CONT.)

- No significant new DC laws impacting captives have been passed in 2025
- Proposed updates to the DC captive law have been submitted for consideration by the Mayor and City Council. The revisions are mainly focused on streamlining the cell licensing process; streamlining the business plan change process for pure captives and cells; and adding a dormant captive statute. Other minor changes are included (Repeal DC Bank requirement; clarify minimum capital can be cash equivalents)
- No significant issues at the NAIC currently impacting captives
- New NAIC working group – Accreditation Scope and Alignment WG

REGULATORY PROCESS

- A captive is a licensed and regulated insurance company, it must meet the licensing and operating requirements of the domicile.
- Only a licensed insurance entity can assume reinsurance, cede reinsurance, and qualify as an insurance company for tax purposes.
- The regulator ensures the captive meets all requirements to be licensed, and once licensed, the regulator is expected to ensure it continues to meet the licensing and operating requirements, including maintaining solvency. The regulator, services providers, the captive owner, and business partners of the captive, such as fronting companies and reinsurers, all have a role in, and an interest in ensuring the captive meets all requirements and is solvent.
- The regulator reviews business plan changes and analyzes annual financial filings (including audits and actuarial filings), all to ensure the captive continues to meet the requirements to be a licensed insurance company.
- All parties are relying on each other.

REGULATORY PROCESS (CONT.)

- What are characteristics of a good captive?
 - Qualified and engaged Board of Directors
 - Good corporate governance
 - Owners are committed to their captive through the insurance cycles
 - Having qualified, experienced, and engaged service providers and management
 - Owners who work closely with their internal and external teams and listen to their advice

Application Process

- Pre Application Review
- Captive name availability
 - The naming requirements for captives are in § 31–3931.10 of the Captive law and in § 29–103.02 of the DC Business Organizations law
- Application Submission
 - Email to Melondy Scott with a copy to Sean O’Donnell
- Application review fee (\$500) and Certificate of Authority fee (\$300)
 - Pay by check
 - Pay via ACH or wire transfer - contact Melondy Scott for instructions
- Due Diligence Review
- Application review within 30 days of receipt of completed application
- Issuance of certificate of incorporation/organization and certificate of authority

Application Best Practices

- Answer each question on application
- Signed application
- Documents should be in agreement with each other
- Provide draft articles of incorporation/organization and bylaws/operating agreement
- Provide supporting documents
- Provide Five-year financial projections (DISB pro-forma template required)
- Provide Biographical Affidavit applications (RRG only)

Business Plan Change Process

- Review Guidelines for Business Plan Changes
- Email to Sean O'Donnell and Jop Bunyasrie with a copy to assigned analyst
- Provide the following:
 - Cover letter
 - BOD Approval
 - A red-line of the revisions if applicable
 - Proformas if applicable
- Acknowledgement or Approval/Denial

Business Plan Change Best Practices

- Change in Director & Officer
 - Notifications of changes should include the name of the new director or officer, new position with the captive, who the new director or officer is replacing, effective date of the appointment, and the current primary employer of the new director or officer and the principal occupation/position with that employer.
- Provide Biographical Affidavit applications (for RRG only)
 - New Directors and Officers for non-RRG captives should be vetted by the captive owners and captive managers.
- New Directors (for RRG only)
 - State whether the Directors are independent.
 - Independent director means a director who does not have a material relationship with the risk retention group. Any person that is a direct or indirect owner of or subscriber in a risk retention group (or is an officer, director and/or employee of such an owner and insured, unless such other position of such officer, director and/or employee constitutes a material relationship), that is a risk retention group described in 15 USC § 3901(a)(4)(E)(ii), is considered to be “independent”.

Business Plan Change Best Practices

- Change in Actuary/CPA
 - Indicate the effective year of change in the notifications
 - If they have not been authorized, email the Actuary/CPA applications for DC captives to captive.filings@dc.gov
 - Biographical Affidavit application is no longer required
- Change in contact information for captive manager
 - Email is sufficient and no cover letter required
- Adding Line of Business
 - Brief description of the coverage and extent of coverage
 - Indicate policy limits, net retention, deductibles
 - Description of policies/process for the LOB - Underwriting, Claims Handling, Legal Defense
 - Indicate estimated GWP, NWP, and NEP
 - Provide the rates to be charged and how those rates were determined
 - Provide draft policy forms, reinsurance agreements (if applicable)

Business Plan Change Best Practices

- Change in reinsurance
 - Renewal with no change in reinsurer or terms – notification only
 - New reinsurance agreement or change to reinsurers or terms requires prior approval.
- RRG state expansion
 - Indicate the state(s) and the reasons for expansion
 - Provide the following
 - Rates that will be used in the new state and explain the source of these rates.
 - Expected premiums in the new states and revised proformas if the thresholds are met
 - RBC projections if the expansion premium growth is significant
 - BOD approval
 - Other details including additional capital infusion (if any), policy limits, coverages, policy forms, reinsurance, claims counsel, target markets, target insureds, use of producers, and other significant information related to the expansion plans
 - Notify us and provide us with documentation of new registrations once obtained from the new states

Financial Analysis Process - RRGs

- Filing Types
 - Annual and Quarterly Statements
 - Audited Financial Statements
 - Actuarial Opinion
 - Supplementals (MD&A, Cyber, etc.)
 - Holding Company Filings (Forms B, C and F)
- Deadlines for Filings and Analysis
 - Set by the NAIC and Accreditation Standards
- Analysis Roles
 - Analysts
 - Preliminary Analysis
 - Risk Focused Analysis in accordance with the Financial Analysis Handbook
 - Reviewer
 - Peer Review

Financial Analysis Process – Non-RRG

- Filing Types
 - Unaudited Financial Statement
 - Audited Financial Statement
 - Actuarial Opinion
- Deadlines for Filing
 - Unaudited statements – March 2nd
 - Audit and Actuarial Filings – June 30th
- Analysis
 - Preliminary Analysis
 - Balance Sheet/Compliance Analysis

Analysis – Best Practices/Reminders

- Analysis Questions
 - Avoid surface-level answers
 - Notify the Department of materially adverse results or if the Company not going to meet statutory requirements prior to filing
- Extension and Waivers
 - Submit prior to the filing deadline
 - Must be updated annually/quarterly in writing
- Filings
 - Review the Annual Reporting Instructions sent in November (“New” & “Important Updates/Reminders”)
 - Avoid having Business Plan Changes being discovered through the Analysis.
 - Ensure that the Audited Statement includes a reconciliation if there are any differences between the Annual Unaudited and Audited Statements
 - RRGs Only – Notes to Financial Statement – Update the following Notes quarterly:
 - Note 10 – Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties
 - Note 25 – Changes in Incurred Losses and Loss Adjustment Expenses
 - Note 31 – High Deductibles (DC threshold is \$25,000 or greater)

Examination Process

- Scheduling
- Examination Warrant
 - Required by DC Code Section 31-1403
- Initial Notification to Company
 - Informing of upcoming examination
- RFP from Examination Firms
 - Request for proposals to perform exam
- Notification to Company
 - Contractor, Cost, Timing, Initial Document Request
- Sharing of Information
- Meetings
 - Department and Examiners
 - “Kick-off” meeting with Company and exam team

Examination Process

- Field Work
 - Exam is in progress
 - Exit meeting
- Exam Report
 - Levels of review after fieldwork
 - Final Draft
 - Adoption
 - Publication

Examination Best Practices

- Start Planning Early
- Complete Yearly COIs
- Utilize Initial Request List to Prepare
- Report BP Changes ASAP
- Suggest Multiple Dates for Meetings/Interviews
- Get In touch with IT, CPAs, Actuary
- Be Prepared to Talk “Controls”
- Respond to Requests Timely
- Participate in Report Process

Questions?



THANK YOU

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