

DISTRICT OF COLUMBIA  
DEPARTMENT OF INSURANCE, SECURITIES, AND BANKING

NOTICE OF FINAL RULEMAKING

The Commissioner of the Department of Insurance, Securities, and Banking, pursuant to the authority set forth in Section 22 of the Captive Insurance Company Act of 2004, effective March 17, 2005 (D.C. Law 15-262; D.C. Official Code §§ 31-3931.21 (2011 Repl.)), hereby gives notice of the adoption of the following amendments to Chapter 37 (Captive Insurance Companies) of Subtitle A, Title 26 (Insurance) of the District of Columbia Municipal Regulations (DCMR).

The amended rules mandate that domestic captive insurers must hold at least one annual meeting in the District, mandate that captive insurers adopt a code of ethics, clarify the Commissioner's discretion to require an insurer to file a Form C in non-domiciliary jurisdictions, and exempt all reinsurance agreements that were effective on or prior to January 1, 2011 from the requirements of Section 3773.

A Notice of Proposed Rulemaking was published in the *D.C. Register* on July 26, 2013, at 60 DCR 11005. No substantive changes were made to the rulemaking. The rules shall become effective upon the publication in the *D.C. Register*.

**Chapter 37, CAPTIVE INSURANCE COMPANIES, of Subtitle A, Title 26, INSURANCE, of the District of Columbia Municipal Regulations is amended as follows:**

**A new Section 3709 is added to read as follows:**

**3709 Board Meetings**

3709.1 The board of directors of a captive insurer shall meet at least annually in the District of Columbia (District). The board of directors may permit any or all directors to participate in any regular or special meeting by the use of any means of communication which allows all directors participating to simultaneously hear each other during the meeting. A director participating in a meeting by such means of communication shall be deemed present in person at the meeting.

3709.2 A meeting of the Board of Directors shall be deemed to have taken place in the District if notice of the meeting delineates a location physically located in the District at which at least one Director, Officer, Assistant Officer, official of an approved Captive Manager, or approved captive attorney is physically present.

**Section 3712 is amended to read as follows:**

3712.1 Each captive insurer licensed in the District shall adopt a code of ethics. Each officer, director and key employee of the captive insurer shall be subject to the code of ethics, which shall include, at a minimum, the following requirements:

- (a) Honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships;
- (b) Full, fair, accurate, timely and understandable disclosure in the periodic reports required to be filed by the insurer with the Department;
- (c) Compliance with all applicable District laws, regulations and orders of the Commissioner;
- (d) The prompt internal reporting of violations to an appropriate person or persons identified in the code of ethics; and
- (e) Accountability for adherence to the code of ethics.

3712.2 Each director, officer and key employee shall certify in writing annually that he or she is in compliance with the captive insurer's code of ethics. A record of such certification shall be maintained by the captive insurer and made available to the Department upon request.

**Subsection 3760.1 is amended to read as follows:**

3760.1 An insurer required to file an annual registration statement pursuant to Section 6 of the Holding Company Act shall also furnish the required information on Form C, hereby made a part of these regulations. An insurer shall file a copy of Form C in each jurisdiction in which the insurer is authorized to do business within thirty (30) days of filing such form with the Commissioner, if requested by the Commissioner of that jurisdiction, or if required to do so pursuant to the federal Liability Risk Retention Act.

**A new Subsection 3773.12 is added to read as follows:**

3773.12 The requirements of this section shall not apply to reinsurance agreements that were effective on or before January 1, 2011, and received prior approval pursuant to D.C. Official Code § 31-3931.08.