

DELAWARE CAPTIVE ENTITIES

SINGLE PARENT or PURE CAPTIVE

A captive insurance company that insures risks of its parent company and any of the parent's affiliated companies, including any controlled unaffiliated business.

GROUP

Group captive insurance companies are owned by and insure a group of entities or individuals, rather than a single business or entity. Types of group captive insurance companies include:

ASSOCIATION captive insures shared risks of the members of a common industry or trade association.

INDUSTRIAL captive insures risks of the industrial insureds that comprise the industrial insured group, and their affiliated companies.

RISK RETENTION GROUP is any corporation or limited liability association whose primary activity consists of assuming and spreading all, or any portion, of the liability exposure of its group members.

SPONSORED captive insures or reinsures the risks of its participants only, through separate participant contracts. Capital is provided by one or more sponsors and each participant's assets are segregated from other participants.

AGENCY

An agency captive is owned or controlled by an insurance agency, brokerage or reinsurance intermediary and only insures risks of the same; or is owned by a marketer or producer of service contracts and/or warranties and only insures or reinsures same.

BRANCH

A branch captive is formed by an alien captive insurance company to transact the business of insurance in Delaware.

SPECIAL PURPOSE

A special purpose captive insurance company does not fall into the above categories but is approved by the Department of Insurance. The special purpose type allows flexibility for design of a captive entity that doesn't necessarily fit in a pre-defined type.