

INSURANCE MATTERS

A Newsletter for Delawareans

December Recap 2023



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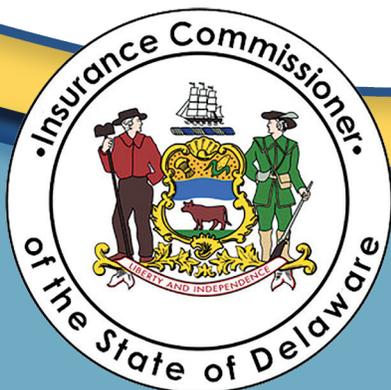
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We Wish You a Happy New Year!

The Delaware Department of Insurance would like to take the time to thank every single Delawarean for a great 2023. It really has been quite the year for our department and as we move forward into 2024 we hope to continue to bring joy and safety for all of our Delaware communities. Please take the time to review the following topics on the right and look further into them using the resources we provide at <https://insurance.delaware.gov/>

Thank you everyone for a great year and we look forward to helping you serve all your insurance needs in 2024 and beyond!

- Review your home and rental insurance plan
- Do you need or have travel insurance?
- Have you looked into our Workplace Safety Program?
- Be sure to compare auto rates
- Entering college soon? Ask how this affects your home and auto insurance



Trinidad Navarro
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A LOOK INTO CAPTIVE INSURANCE

The Department's Captive Bureau recently marked the first-year anniversary of its new Director, Stephen Taylor. He commenced his role with the Department in September, 2022. Since that time, Stephen and his colleagues on the Captive team have been working hard to enhance and grow the Captive Program and ensure it remains a premiere captive insurance domicile. Currently, Delaware is listed as the 3rd largest U.S. and the World's 5th largest captive domicile as of 2022, despite continued large numbers of dissolutions nationally over the last several years. So, the Captive Bureau needs to continue to grow the captive program. But not just in terms of the number of captive companies. Growth also will be measured by the amount of premium written, quality of companies, and innovation.

The Bureau is on its way. In 2022, 33 new companies were licensed; and in 2023, 19 new companies were granted licenses. Those new insurers include the first and second ones owned by major corporations that will provide side A directors and officers coverage as authorized by legislation enacted in 2022. Also, among the new captive owners, one was a publicly traded corporation; one was a large insurance company; and the third owner is a national manufacturer of durable medical equipment that re-domesticated its captive from Turks and Caicos. So, the team will build on current successes and continue to focus on quality, innovation, and first-class regulatory services.

Along those lines, the Captive Bureau spent a large portion of the last year improving, restructuring, and repositioning the Captive Program to attract more businesses to Delaware. Thus, Stephen and the team have been reviewing the Captive Bureau's operations to increase efficiencies; calibrate and implement appropriate regulatory oversight; greatly improve customer service; and modernize business processes. The Captive team made great progress over the last 14 months. A significant result of that work culminated in the first installment of Delaware Captives 2.0 ("DC 2.0") in partnership with the Delaware Captive Insurance Association ("DCIA").

DC 2.0 was a negotiated initiative to implement regulatory changes to the Captive program in 12 areas identified by DCIA. DC 2.0 was announced during the DCIA's 2023 Fall Forum in October and received a very positive reception by DCIA and the greater captive industry. DC 2.0 is a series of process and regulatory improvements intended to ensure Delaware remains a top domicile for businesses seeking to form captive insurance companies. Those changes will increase speed to market; reduce unnecessary regulatory burdens; and better calibrate

the regulatory requirements for captive insurance. Also included was critical guidance for the licensing of captives formed to write corporate Side A directors' and officers' (D&O) coverage for Delaware corporations. Finally, the Department revised a Captive Bulletin to adopt a more flexible approach for certain captive applicant's capitalization requirements, including allowing use of brokerage accounts in certain circumstances.

In addition to DC 2.0, the Captive Bureau developed new policies and procedures to facilitate series-to-pure and 831(b)-to-831(a) captive conversions. These procedures will help captive owners maintain and "graduate" from a series captive to a pure captive, which will add to the stature of our Program. Also, an easy process for conversion will enable some 831(b) captives contemplating dissolution, because of increased scrutiny by the Internal Revenue Service ("IRS"), to determine they can retain their captive while avoiding the IRS issues with an election under section 831(a) of the tax law: thus, possibly reducing the number of dissolutions. The previous procedures for processing requests for dormant treatment and dissolution also were revised to better reflect statutory requirements. Finally, the Captive Bureau submitted two legislative proposals to expand the Captive Program and provide additional flexibility for captives to operate.

Of course, all the great work of the Captive Program could not have come to fruition without the hard work of its experienced and dedicated team. And some members of the team deserve some special recognition and congratulations. Sam Marzar received the Associate in Captive Insurance ("ACI") designation and the ACI certificate that was presented to him during the DCIA's Fall Forum. The ACI is the highest professional designation for the captive insurance industry. The ACI is a rigorous course that normally takes two to three years to complete for the participant. Sam completed the program within one and half years. Also, both Sam and Michael Grillo were promoted from Captive Insurance Financial Analyst II to the Captive Insurance Financial Analyst III position in 2023. Way to go Sam and Mike!



*Captive Director
Stephen Taylor*

A Very Merry DOI Christmas

As the holiday season brings joy and merriment to offices across the nation, the Delaware Department of Insurance joined in the festive spirit by hosting their annual Christmas party. The event, brought together employees, for a night of celebration, camaraderie, and seasonal cheer.

With Commissioner Navarro leading the festivities DOI competed against one another in bingo for the many door prizes provided by the Sunshine Committee, and a raffle with one lucky big winner.

The venue was adorned with twinkling lights, festive decorations, and a beautifully decorated Christmas tree, creating a joyful and inviting atmosphere. Attendees were treated to a variety of delectable holiday treats, and a full catered lunch provided by the wonderful staff.

The party ended with recognitions for many of the employees that have worked multiple years for the State of Delaware and a singing choir of the edited version of the 12 days of Christmas by the newbies of DOI.

In the end, the annual Christmas party was not just a celebration of the holiday season but a testament to the close-knit community within the department. It set the stage for a new year filled with renewed energy, collaboration, and a sense of shared purpose as the team looks forward to the challenges and opportunities that lie ahead.



The DOI Corner

Captive Goes Above and Beyond

With the deadline looming large and no end in sight, The Delaware Department of Insurance's "A" team came together and exhibited unwavering commitment, guiding the Artex project from its inception to a successful conclusion.

The Artex project, was assigned by the DOI legal team for an upcoming appeal in the Delaware courts. Despite facing numerous challenges, these team members went above and beyond, working tirelessly without a hint of complaint.

Their collective effort transcended expectations, as they seamlessly juggled day-to-day responsibilities to excel in a project that demanded their utmost attention. The "A" team's ability to collaborate efficiently, provide encouragement when needed, and infuse positive energy propelled the project forward.



Employee of the Quarter: Christina Miller

We would like to celebrate our Employee of the 4th quarter of 2023, Christina Miller! Christina has been with the Department since 1997 (26 years). Christina started as a casual/seasonal employee at 17 after graduating High School and worked while attending college. In 2001 she became a merit employee working the front desk in Dover and not long after she became a Property & Casualty Investigator in consumer services. 2018 became the P&C Investigative Supervisor. Christina has been a crucial member of our consumer services department and we'd like to say a huge congratulations to her for going above and beyond!



5 years with the State of Delaware

- *Sheila Williams*
- *Charlotte Gallagher*



15 years with the State of Delaware

- *Tanya Hahn*
- *Adrienne Lupo*



25 years with the State of Delaware

- *Robert Lancaster*
- *Lakia Turner*

ASK THE COMMISSIONER

Preparing your home for winter storms

Winter snow might be a dream to look at but it can be a nightmare for your home if not properly prepared. Winter storms cause over a billion dollars in losses every year but you can take preventative steps to insure you're not left out in the cold this winter. Start with checking your heating system. Before firing up your furnace have your heating system serviced. This should be a yearly inspection to make sure everything is working properly. Another good tip is to make sure you know where your main water shutoff valve is in case of freezing pipes. Trim trees and dead branches around your house as the winter snow can pile onto them and make them collapse under the weight. Seal any cracks that could lead to cold creeping into your house.

Finally stock up on any emergency supplies. When a snow storm hits you don't want to be taking on the icy roads for food and medicine. Following these steps can help you be prepared for any winter storm and minimize damages to you and your house. Here at the Department of Insurance we wish you a safe and healthy winter season.



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The consumer comes first.

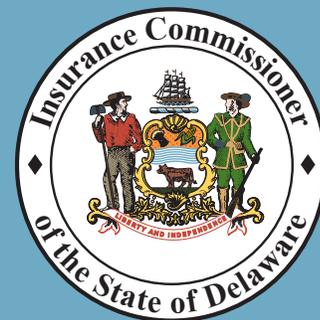
Our office is here to help if you have questions about or problems with your insurance coverage or insurance company.

Questions about insurance or complaints about an insurance company or insurance agent can be made to the Consumer Services Division by phone, by fax, by letter, by email or with an online complaint form.

Phone: 302-674-7300

Fax: 302-739-6278

consumer@delaware.gov



Our Mission

Protecting Delawareans through regulation and education while providing oversight of the insurance industry to best serve the public.