

521J.1 Definitions.

As used in [this chapter](#), unless the context otherwise requires:

1. “*Affiliated company*” means a company that is in the same corporate system as a parent, an industrial insured, or a member based on common ownership, control, operation, or management.
2. “*Alien captive company*” means a captive company formed under the laws of an alien jurisdiction that imposes statutory or regulatory standards in a form acceptable to the commissioner on companies transacting the business of insurance in such jurisdiction.
3. “*Branch business*” means any insurance business transacted by a branch captive company in this state.
4. “*Branch captive company*” means an alien captive company authorized by the commissioner by rule to transact the business of insurance in this state through a business entity with its principal place of business in this state.
5. “*Branch operations*” means any business operations of a branch captive company.
6. “*Business entity*” means a corporation, a limited liability company, or other legal entity formed by an organizational document. “*Business entity*” does not include a sole proprietorship.
7. “*Captive company*” means any pure captive company, protected cell captive company, special purpose captive company, or industrial insured captive company formed or authorized under [this chapter](#).
8. “*Captive reinsurance company*” means a captive insurance company in this state, as authorized by the commissioner by rule, that reinsures the risk ceded by any other insurer.
9. “*Captive risk retention group*” means a captive insurance risk retention group formed under [this chapter](#) and that is subject to [chapter 515E](#).
10. “*Cash equivalent*” means any short-term, highly liquid investment with an original maturity of three months or less that is readily convertible to known amounts of cash.
11. “*Commissioner*” means the commissioner of insurance.
12. “*Controlled unaffiliated business entity*” means a business entity or sole proprietorship that meets all of the following requirements:
 - a. The business entity or sole proprietorship is not in a parent’s corporate system that consists of the parent and any affiliated companies.
 - b. The business entity or sole proprietorship has an existing, controlling contractual relationship with the parent or an affiliated company.
 - c. The business entity’s or sole proprietorship’s risks are managed by a pure captive company or an industrial insured captive company, as applicable.
13. “*Excess workers’ compensation insurance*” means, for an employer that has insured or self-insured the employer’s workers’ compensation risks in accordance with applicable state or federal law, insurance in excess of a specified per-incident or aggregate limit as established by the commissioner by rule.
14. “*Industrial insured*” means an insured that meets all of the following requirements:
 - a. The insured procures the insurance of any risk by use of the services of a full-time employee acting as an insurance manager or buyer.
 - b. The insured’s aggregate annual premiums for insurance on all risks are at least twenty-five thousand dollars.
 - c. The insured employs a minimum of twenty-five full-time employees.
15. “*Industrial insured captive company*” means an insurance company that insures the risks of industrial insureds, comprised of the industrial insured group and the industrial insured group’s affiliated companies and the risks of the controlled unaffiliated business of an industrial insured or its affiliates.
16. “*Industrial insured group*” means a group of industrial insureds that meets either of the following requirements:
 - a. The group collectively owns, controls, or holds with the power to vote all of the outstanding voting securities of an industrial insured captive company incorporated as a stock insurer, or has complete voting control over any of the following:
 - (1) An industrial insured captive company incorporated as a mutual insurer.

- (2) An industrial insured captive company formed as a reciprocal insurer.
- (3) An industrial insured captive company formed as a limited liability company.

b. The group is a captive risk retention group.

17. “*Mutual insurer*” means a business entity that does not have capital stock, and that has a governing body elected by the insurer’s policyholders. “*Mutual insurer*” includes a nonprofit corporation with members.

18. “*Organizational document*” means articles of incorporation, articles of organization, a subscribers’ agreement, a charter, or any other document that can legally establish a business entity in this state.

19. “*Parent*” means a sole proprietorship, a business entity, or an individual that directly or indirectly owns, controls, or holds with power to vote more than fifty percent of the outstanding voting securities or membership interests of a captive company.

20. “*Participant*” means a sole proprietorship or a business entity and any affiliates that are insured by a protected cell captive company and whose losses are limited by a participant contract to such participant’s pro rata share of the assets of one or more protected cells identified in the participant contract.

21. “*Participant contract*” means a contract by which a protected cell captive company insures the risks of a participant and limits the losses of each participant in the contract to the participant’s pro rata share of the assets of one or more protected cells as identified in the contract.

22. “*Protected cell*” means a separate account established by a protected cell captive company formed or authorized under [this chapter](#) in which an identified pool of assets and liabilities are segregated and insulated, as provided in [section 521J.17](#), from the remainder of the protected cell captive company’s assets and liabilities in accordance with the terms of one or more participant contracts to fund the liability of the protected cell captive company with respect to the participants.

23. “*Protected cell assets*” means all assets, contract rights, and general intangibles identified and attributable to a specific protected cell of a protected cell captive company.

24. “*Protected cell captive company*” means a captive company that meets all of the following requirements:

a. The minimum legally required capital and surplus of the company is provided by one or more sponsors.

b. The company is formed or authorized under [this chapter](#).

c. The company insures the risks of separate participants through participant contracts.

d. The company funds the company’s liability to each participant through one or more protected cells, and segregates the assets of each protected cell from the assets of other protected cells, and from the assets of the protected cell captive company’s general account.

e. The company is incorporated or formed as a limited liability company.

25. “*Protected cell liabilities*” means all liabilities and other obligations identified with and attributable to a specific protected cell of a protected cell captive company.

26. “*Public records*” means the same as defined in [section 22.1](#).

27. “*Pure captive company*” means an insurance company that insures the risks of the company’s parent and the parent’s affiliated companies, and the risks of controlled unaffiliated business entities.

28. “*Qualified actuary*” means an individual who meets all of the following requirements:

a. The individual is a member of the American academy of actuaries.

b. The individual is qualified to provide the certifications as described in the United States qualifications standards promulgated by the American academy of actuaries pursuant to the code of professional conduct adopted by the American academy of actuaries, the society of actuaries, the American society of pension professionals and actuaries, the casualty actuarial society, and the conference of consulting actuaries.

29. “*Series of members*” means a group or collection of members of a limited liability company who share interests and who have separate rights, powers, or duties with respect to property, obligations, or profits and losses associated with property or obligations, and who are specified in the organizational document or operating agreement of the limited liability company, or that are specified by one or more members or managers of the limited

liability company or other persons as provided in the organizational document or operating agreement.

30. “*Sole proprietorship*” means an individual who does business in a noncorporate form.

31. “*Special purpose captive company*” means a captive company that is formed or authorized under [this chapter](#) that does not meet the definition of any other type of captive company as defined in [this section](#), or that is formed by, on behalf of, or for the benefit of a political subdivision of this state.

32. “*Sponsor*” means any person that meets the requirements of [sections 521J.17 and 521J.18](#), and that is approved by the commissioner to do all of the following:

a. Provide all or part of the capital and surplus required of a protected cell captive company by law.

b. Organize and operate a protected cell captive company.

[2023 Acts, ch 107, §4](#)