

**521J.4 Minimum capital and surplus requirements.**

1. The commissioner shall not issue a certificate of authority to a captive company unless the captive company possesses and maintains unimpaired paid-in capital and surplus that meets the following requirements:

- a. Is not less than two hundred fifty thousand dollars for a pure captive company.
- b. Is not less than five hundred thousand dollars for an industrial insured captive company, including a captive risk retention group.
- c. Is an amount as determined by the commissioner after giving due consideration to the captive company's business plan, feasibility study, and pro forma documents, including, for a special purpose captive company, the nature of the risks to be insured.
- d. Is not less than five hundred thousand dollars for a protected cell captive company. If, however, the protected cell captive company does not assume any risks, the risks insured by the protected cells are homogenous, and there are not more than ten cells, the commissioner may reduce the amount to an amount not less than two hundred fifty thousand dollars.
- e. Is not less than the applicable amount of capital and surplus required in paragraphs "a" through "d", as determined based upon the organizational form of the alien captive company, for a branch captive company. The minimum capital and surplus shall be jointly held by the commissioner and the branch captive company in a bank of the federal reserve system as approved by the commissioner by rule.
- f. Is not less than fifty percent of the capital required for that type of captive company for a captive reinsurance company.

2. The commissioner may require additional capital and surplus for a captive company under [subsection 1](#) based upon the type, volume, and nature of the insurance business transacted by the captive company.

3. The capital and surplus required under [subsection 1](#) and [subsection 2](#), if applicable, shall be in the form of cash, cash equivalent, or an irrevocable letter of credit on a form as prescribed by the commissioner by rule and as issued by a bank chartered by the state of Iowa, a member bank of the federal reserve system, or a bank chartered by another state if approved by the commissioner.

[2023 Acts, ch 107, §7](#)

Referred to in [§521J.6](#), [521J.9](#), [521J.13](#), [521J.19](#)