

MARSH CAPTIVE SOLUTIONS: SOUTH CAROLINA

The Marsh Captive Solutions' South Carolina office was established in 2003 in Charleston. South Carolina offers a well-developed infrastructure with all major captive managers represented, offers leading banking, legal, and other services and has a highly skilled workforce.

TAXATION

Income generated by the captive will be subject to the federal tax rate of the captive parent (assuming the parent is US based); otherwise, the captive income will initially be subject to the US federal rate and consolidated at the rate of the foreign parent. No South Carolina State Income tax applies to captive profits.

The captive is subject to premium tax as follows:

Premium tax on direct premiums	0.400% on first US\$20 million.
	0.300% on next \$20 million.
	Subject to a minimum of \$5,000 combined direct and reinsurance premiums.
	Subject to a maximum of \$100,000 combined direct and reinsurance premiums.
Premium tax on reinsurance premiums	0.225% on first \$20 million.
	0.150% on next \$20 million.
	0.050% on next \$20 million.
	0.025% thereafter.
	Subject to a minimum of \$5,000 combined direct and reinsurance premiums.
	Subject to a maximum of \$100,000 combined direct and reinsurance premiums.

INSURANCE REGULATION

Acceptable Insurance Subsidiaries	Pure, industrial insured (including risk retention groups (RRG)), special purpose captive, special purpose financial captive, association, sponsored, and branch.
Acceptable Corporate Forms	Stock, mutual, reciprocal, and limited liability company.
Permitted Business	All commercial lines.
Direct Insurance Permitted	Related and "controlled" unrelated risk.
Reinsurance Permitted	Related and "controlled" unrelated risk.
Policy Form and Rate Approval	Not required.
Local Office Requirement	Principal place of business.
	One Board of Directors meeting annually in South Carolina.
	One Resident Director.

Head of Office

Gavin Foggon

Senior Team

Virginia Adrihan

Tonia Epps

Office Address

151 Meeting Street, Suite 301,
Charleston, SC 29401 USA

T: +1.843.577.1026

F: +1.843.577.1027

MARSH CAPTIVE SOLUTIONS: SOUTH CAROLINA *CONTINUED*

REGULATORY AGENCY

South Carolina Department of Insurance, Captive Division (www.captives.sc.gov).

SERVICES AND CAPABILITY

- Regulatory and compliance consulting.
- Risk consulting.
- Captive feasibility study.
- Captive management.
- Actuarial.

CAPITALIZATION AND SOLVENCY REQUIREMENTS

Type	Statutory Minimum Capital and Solvency (\$38-90-40 & 50)	Description
Association Captive	US\$750,000	Insures the risks of association members and affiliated companies.
Branch Captive	\$250,000	A branch of an existing alien insurer which is licensed to write business in this state.
Pure Captive	\$250,000	Insures the risks of its parent, subsidiaries, and affiliates.
Risk Retention Group	\$500,000	Insures the liability-only risks of its owner/insureds.
Special Purpose Captive	Case by case basis	A captive that does not meet the definition of any other type of defined captive.
Special Purpose Financial Captive	\$250,000	Created to facilitate insurance securitization and other similar transactions which enable insurers to improve capital utilization.
Sponsored Captives*	\$1,000,000	A captive that offers protected cells which may be incorporated or unincorporated.

**Under certain circumstances, the minimum capital and surplus for sponsored captives can be reduced to \$300,000.*

SOLVENCY

No formal solvency requirements exist, however a general benchmark is minimum of \$1 of surplus for every \$3-\$5 of net written premium, depending on financial strength of, and risk retained by, the captive.