

Montana Captive  
Insurance Association, Inc.

EXHIBIT NO. 2  
DATE 3-8-11  
BILL NO. HB 419

# MONTANA CAPTIVE DOMICILE REPORT

Montana Captive Insurance Association, Inc.





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Dear Colleagues:

On behalf of the MCIA board of directors and professional staff, I am pleased to present the association's report of Montana's growing captive insurance industry and business-friendly regulatory environment. This report provides a variety of information that we hope you find useful in understanding why Montana is a great captive domicile and how our association is helping to make the domicile even better.

MCIA is committed to supporting the continued growth of the state's captive insurance industry and thanks its member companies for providing us the resources to do so. A listing of our service provider members is included as part of this report.

Finally, I encourage you to join us for MCIA's annual conferences held in the spring and summer, attracting more than 100 industry professionals each year. Complete event details can be accessed on-line at [www.mtcaptives.org](http://www.mtcaptives.org).

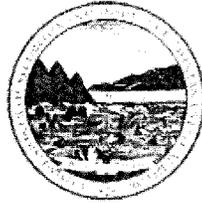
We hope to see you in Big Sky Country so that you can experience first-hand why Montana is the best place in the west for captive insurance companies to hang their hat.

Sincerely,

Brenda M. Olson  
Chairperson  
Montana Captive Insurance Association, Inc.

# COMMISSIONER OF SECURITIES & INSURANCE

MONICA J. LINDEEN  
COMMISSIONER



OFFICE OF THE MONTANA  
STATE AUDITOR



Dear Friends-

Thank for your interest in captive insurance opportunities in the state of Montana.

Over the past two years since being elected as state auditor and insurance commissioner, I have been very impressed with the vibrancy of our state's captive insurance industry, which has strengthened my commitment to building on this success. This domicile report tells our story.

Fortunately, I have a great captive regulatory team behind me who shares my vision for growth and success. So, my central message is that Montana wants your captive business and we will do our best to earn it. You will not be disappointed should you decide to do business in the Big Sky state.

Let me also take this opportunity to encourage your active participation in the Montana Captive Insurance Association, Inc. (MCIA). This organization has played a key role in helping to build the state's captive insurance industry and my office continues to work closely with MCIA representatives on a variety of projects of interest to captive owners and industry service providers.

I look forward to seeing you in Montana some time soon.

Sincerely,

A handwritten signature in cursive script that reads "Monica J. Lindeen".

Monica J. Lindeen  
Commissioner of Securities & Insurance  
Office of the State Auditor

Phone: 1-800-332-6148 / (406) 444-2040 / Main Fax: (406) 444-3497  
Securities Fax: (406) 444-5558 / PHS Fax: (406) 444-1980 / Legal Fax: (406) 444-3499  
840 Helena Ave., Helena MT 59601 Website: [www.csi.mt.gov](http://www.csi.mt.gov) E-Mail: [csi@mt.gov](mailto:csi@mt.gov)

# The Basics

## about Captive Insurance Opportunities in Montana

The cost and availability of corporate insurance continues to be a major concern of Montana's business community. Interestingly, many business leaders do not know that Montana has recently taken action to help businesses find a solution to their risk management challenges by allowing them to form and operate captive insurance companies that can insure business risks anywhere in the world.

In this regard, a formal introduction to captive insurance is clearly overdue.

The simplified explanation of captive insurance is that it is a specialized form of self-insurance where a corporate entity or a group of corporate entities form their own insurance company to insure the risks of its parent(s) and affiliated entities.

Only certain states allow the formation of captive insurance companies, and Montana took action to become a captive "domicile" in 2001. Since then the state has licensed more than 60 captive insurance companies, which were formed to cover a variety of corporate risks.

In years past, most captive insurance companies were formed in offshore locations, such as Bermuda or the Cayman Islands, but the current trend is for captives to be formed in domestic domiciles. Montana is part of this domestic domicile club, which is a tremendous advantage to the state's business community.

### Why Form a Captive

There are many good reasons for business owners to form a captive insurance company – not the least of which is creation of teamwork among the risk management, treasury and tax-accounting functions for overall improved financial health. Several more specific reasons are as follows:

#### ■ The Alternative to Commercial Insurance

The first apparent benefit of forming a captive is to take control of the risk management budget – for now and into the future. Underwriting cycles for first dollar coverage become nonevents for the owner of a captive, and exposures that are difficult to cover on the commercial market are secure in a captive. Captives commonly provide policies covering property, liability, Excess Workers' Compensation, and medical stop loss insurance. Life, health, surety, marine and disability insurance can also be written by a captive insurance company.

#### ■ Coverage Tailored to an Organization's Specific Needs

Many organizations – to their dismay – experience shifting or evolving risks as their businesses grow or take new directions. Exposures such as environmental risk, employment practices liability, flooding and many other risks can be actuarially quantified and protected in a captive program while others wait for the development of "off the shelf" programs from commercial insurers.

#### ■ Accumulation of Investment Income to Reduce Net Costs

The captive has control over its investment income. As with any insurance company, the captive invests the assets that support loss reserves and capital surplus. Prudent investing can return profits greater than those that would be provided by a commercial insurer and will help immunize the loss portfolio against unexpected inflation.

#### ■ Improved Cash Flow

A captive provides a place to store funds for future liabilities without paying for risk transfer. The reserve funds don't have to be identified for a particular exposure, but exist in a pool. This pool of funds can be used to insure any difficult-to-insure exposures without further cost to the insured businesses.

#### ■ Incentive for Loss Control

It's amazing how careful people can become if they have to pay for their mistakes. The same holds true among owners of captive insurance companies. They quickly understand the value of things like operational safety programs, careful maintenance, staff training and peer review, depending on the exposures being covered. It's no coincidence that captive owners usually see decreased loss experience in the years following captive formation. This results in healthier, more productive and profitable organizations.

### ■ Greater Control Over Claims

Claims handling is performed at the direction of the captive owner rather than an insurance company whose best interests are often served by delaying claims (see Hurricane Katrina). Claims review includes all the necessary parameters and standards that the captive owner requires for efficient risk management.

### ■ Underwriting and Retention Funding Flexibility

Underwriting and Retention Funding Flexibility Many large organizations with decentralized operations may experience different appetites for risk and at different levels. For example, a parent organization may be able to maintain higher risk retention than its local operation units can. A captive can be extremely effective in its ability to spread risk according to the needs of the organization.

### ■ Reduced Cost of Operation

In short, there is no point in forming a captive that will not reduce overall operating costs. A captive may offer the early recognition of losses for federal income tax purposes. Premiums may be tax deductible if the captive is found by the IRS to be an insurance company by insuring the exposures of those other than its parent. Whether premiums will be deductible when paid needs to be addressed by any corporation that considers forming a captive.

### ■ Direct Access to the Reinsurance Markets

As an insurance company, a captive may purchase a selected level of loss protection from reinsurance companies. Unlike the "primary" insurance market, the reinsurance market is largely unregulated concerning forms, rules and rates. Unique exposures can be handled with customized policy language.

## Forms of Captive

All captive insurance companies are owned and controlled by their insureds. But they may take various forms:

### Single Parent Captives

Single parent captives are owned and controlled by one company and insure the risk of those companies, their subsidiaries, and their affiliated entities.

### Group Captives

Association captives are insurance companies that are owned and controlled by two or more non-affiliated organizations that the captive insures. The association captive can either insure businesses within a common industry, and insure similar types of risks or it can insure non-homogeneous businesses and insure different risks.

### Risk Retention Groups

Risk Retention Groups (RRGs) are enabled and protected by the federal Liability Risk Retention Act and are a form of a group captive that may be licensed in one state to operate in all states. At present, risk retention groups are limited to insuring liability exposures.

### Agency Captives

Reinsurance captives and protected cell captives are formed and controlled by insurance brokers/agents who have chosen to participate, together with insurance companies, in the risks of their own clients.



*Montana is the best captive insurance domicile in the west. It has all the key elements needed for successful captive and RRG programs: direct access to knowledgeable and fair regulators, a legacy of strong legislative support, business-friendly flexible laws, a lack of bureaucratic red-tape, a wide array of cost-effective service providers, and the collective voice of the MCJA in promotion and education. Montana captives and RRGs get business done at the speed of light in comparison to other captive domiciles while maintaining high quality standards.*

Brenda M. Olson  
President  
ORG Risk Management

# Montana Premium Tax

As Montana's captive insurance industry has grown over the past several years, so does its positive economic impact in the form of premium taxes paid to the state. The information provided below illustrates the growth in premium tax revenue since 2001. MCIA expects this positive trend line will continue for many years to come.

Year	# Captives Licensed	Premium Tax	Premiums Written
2001	1	-0-	-0-
2002	3-1	\$ 20,037	\$ 8,750,200
2003	5-2	\$ 51,713	\$ 6,419,100
2004	5-1	\$ 72,569	\$ 7,690,736
2005	3	\$ 86,696	\$ 14,759,504
2006	8	\$ 161,994	\$ 31,580,902
2007	10-1	\$ 226,168	\$ 37,877,161
2008	8-3	\$ 339,585	\$ 65,123,909
2009	16-4	\$ 420,070	\$ 74,863,332

\* Final 2010 data will be available in March of 2011.

## Type of Coverage Currently Being Written by Montana Captives

Captive insurance companies licensed in Montana are currently being used for many different types of corporate risks, including:

- Agency Professional Liability
- Trucking Liability
- Attorney's Liability Reinsurance
- Warranty
- Bail Bond Liability
- Work-Comp Deductible Buy-Down
- Worldwide Cargo & Transit
- Cable Repair, Communications Company
- Contractors Liability
- Contractual Liability
- Defense Costs
- Employment Practices Liability
- Environmental Liability
- Excess Property
- Excess Stop Loss
- Excess Workers' Compensation
- Medical Malpractice
- On-Site Cleanup
- Patent Defense
- Reinsurance
- Third-Party Liability
- Computer & Privacy Liability
- Aviation Liability
- Administrative Action
- Directors & Officers Liability
- Litigation Expense
- Livestock Liability
- Primary & Excess Liability
- Punitive Damages Liability
- Tax Audit Expenses
- Unfair Competition Liability
- Wage and Hour Liability

# Montana's Captive Insurance Law

In 2001, Montana became the 16<sup>th</sup> state to pass legislation opening existing insurance regulations to the captive insurance industry. Under Mont. Code Ann. § 33-28-101 *et. al.*, a company or association of companies may form a wholly owned subsidiary to insure the parent entity. The parent company retains part of the insurance risk within the company and the captive company collects the premiums and handles the claims.

There are many different legal issues involved in forming and operating a captive insurance company including:

- What type of captives are allowed under Montana law
- What capital and surplus requirements exist
- What are the investment limitations under Montana law
- What are the regulatory requirements
- What kinds of fees and taxes are applicable

## Capital and Surplus:

One of the primary legal aspects is the capital and surplus requirements that are imposed by every domicile that permits captives, including Montana. Montana's capital requirements are as follows: 1) in the case of a pure captive insurance company -- \$250,000, 2) in the case of a captive risk retention group -- \$500,000, 3) in the case of an association -- \$750,000. Vermont, for example, the largest on-shore captive domicile, requires a statutory minimum for a single-parent captive of \$250,000, \$500,000 for an industrial insurer, \$750,000 for an association, and \$500,000 for a sponsored captive. An important key about Montana's legal requirements is that capital and surplus may be in the form of either cash or an irrevocable letter of credit issued by a Montana chartered bank or a member bank of the federal reserved system and approved by the Commissioner.

More recent legislation reduced the minimum capital surplus requirements for captive reinsurance companies by fifty percent.

Now the requirements for pure captives that reinsure an admitted carrier are \$125,000 and the requirements for association captives that reinsure an admitted carrier are \$375,000. In addition, the minimum capital for protected cell captive insurance companies with ten or fewer homogeneous cells to \$250,000. Protected cell captives with more than ten cells have a minimum capital surplus requirement of \$500,000.

## Investment Limitations:

For pure captives, Montana law does not have any restrictions on allowable investments, except that the Commissioner may prohibit or limit investments that threaten the solvency or liquidity of the Company.

## Regulatory Requirements:

Montana's regulatory requirements are similar to those in many domiciles. A captive must file an annual GAAP financial statement, NAIC convention statement for RRG's and association captives, and financial statements audited by an independent CPA six months after fiscal year end. The 2007 legislation clarified that GAAP reporting is acceptable for captives and Risk Retention Groups, and that approved letters of credit are recognized as assets.

## Fees and Taxes:

The fees and taxes are one of the most significant legal issues involved in domiciling a captive. Montana's fees and taxes are often much less than other domiciles. The following chart details some of the issues specific to Montana and its statutory requirements.



*As a captive formation and management firm, The Taft Companies rely heavily on our strong relationship with Montana's captive regulators. They are readily available to help us with any problems and are willing to work with each of our client's specific needs. Over the years I have seen remarkable growth and opportunities arise from Montana based captives. There is great value to be had in choosing Montana as a domicile.*

*Dick Goff*  
Managing Member  
W.A. Taft & Co (MT) L.L.C.

## Capitalization

(1) A captive insurance company may not be issued a license unless it possesses and maintains unimpaired paid-in capital and surplus of: (a) in the case of a captive risk retention group, not less than \$250,000; (b) in the case of an industrial insured captive insurance company, not less than \$500,000; and (c) in the case of an association captive insurance company, not less than \$750,000.

(2) The Commissioner may require additional capital and surplus based upon the type, volume, and nature of insurance business transacted.

(3) Capital and surplus may be in the form of cash or an irrevocable letter of credit issued by a bank chartered by the state of Montana or a member bank of the federal reserve system and approved by the Commissioner.

## Application & Fees

The application form must be filled out in its entirety. When submitted, it should include all the material requested, together with the \$200 application fee and the \$300 license fee.

## Investment Restrictions

(1) A captive risk retention group and an association captive insurance company shall comply with the investment requirements contained in Title 33, chapter 12, and the rules promulgated in accordance with these provisions.

(2) A pure captive insurance company is not subject to any restrictions on allowable investments, except that the commissioner may prohibit or limit any investment that threatens the solvency or liquidity of the company.

(3) Only a pure captive insurance company may make loans to its parent company or affiliates, although prior approval of the Commissioner is required.

## Tax Issues

(minimum of \$5,000 in premium taxes)

Premium Level	Direct Tax Rate	Reinsured Tax Rate
\$ 1 – 20m	0.4%	0.225%
\$ 20 – 40m	0.3%	0.15%
Over \$40m	n/a	0.05%

## Reserve & Underwriting Reruitments

Montana administrative rules require that loss reserves and loss expense reserves be certified by a Fellow of the Casualty Actuarial Society, a member in good standing of the American Academy of Actuaries, or an individual who has demonstrated his competence in loss reserve evaluation to the Commissioner. The Commissioner must approve the actuary. The applicant must select an actuary that meets the requirements of the administrative rule.

## Reporting Requirements

(1) A captive insurance company is not required to make an annual report except as provided in this section.

(2)

a) On or before March 1 of each year, each captive insurance company shall submit to the Commissioner a report of its financial condition in a form and manner as required by the Commissioner, verified by oath of two of its executive officers.

b) Each captive insurance company shall report using generally accepted accounting principles, unless the commissioner requires the use of statutory accounting principles, with any necessary or useful modifications or additions required by the Commissioner. The commissioner may also require the report to be supplemented by additional information.

## Local Office Requirements

All books, records, and other information necessary for a statutory examination should be located in Montana.

# MCIA Fifth Annual Conference

Draws Nearly 100 Attendees

July 21, 2010



Nearly 100 attendees participated in the Montana Captive Insurance Association, Inc. (MCIA) Annual Conference this week at the Grouse Mountain Lodge in Whitefish, Montana. The event marked the fifth anniversary of the association, which was formed about two years after the passage of captive legislation in Montana.

Conference attendees included owners of licensed captive insurance companies, representatives from leading industry service providers and key captive regulators. Many of the registrants came from out of state, with one coming from as far as London.

The educational program featured 12 separate sessions focused on topics of direct interest to those interested in doing captive business in Montana. Key highlights included:

- Proposed improvements to Montana captive insurance law
- How to set up a protected cell captive in Montana
- New accounting standards affecting captive insurance companies
- Federal legislative/regulatory developments
- The role of independent captive insurance company directors
- New risk based capitol requirements

Perhaps of most interest, Montana's chief captive regulator, Steve Matthews, provided an update on captive formations in the domicile and the how the State Auditor's office is preparing for future growth

In addition to the great educational sessions, attendees were able to take advantage of numerous networking opportunities. And from an economic developments perspective, the MCIA conference generated significant revenue for local Whitefish businesses.

The date and location for the 2011 Annual Conference will be announced soon.

# Getting Started:

## Procedures for Forming a Montana Captive Insurance

Montana's 57th Legislature passed legislation allowing Captive Insurance Companies to do business. This law will be found in Montana Codes Annotated (MCA) Title 33, Chapter 28. Updated MCAs containing this new law are now available on the web site at [http://data.opi.mt.gov/bills/mca\\_toc/33\\_28.htm](http://data.opi.mt.gov/bills/mca_toc/33_28.htm).

The procedures listed below should be followed to incorporate a captive insurer in Montana and to apply for a Certificate of Authority from the Montana Commissioner of Insurance:

- Prepare the documents needed for the application for Certificate of Authority. (See the captive application for a list of items.)
- Submit the application to the Commissioner for review. Include a \$200 application fee and a \$300 license fee. A \$3,200 fee for an independent actuarial review may also be included as part of the application approval process.
- Prepare the documents needed to incorporate the insurer. The services of a local attorney may be desirable.
- Provide information concerning the adequacy of the expertise, experience, and character of the person or persons who will manage the captive insurer. Biographical Affidavits required on Directors, Officers and Management Personnel.
- Have your CPA complete the Application Authorization form to perform audits as required for captives.
- Have your actuary complete the Application form for authorization to render the opinion on reserves for captive accounts.
- If Letter of Credit will be used for Capital & Surplus, obtain the LOC form from the department.
- The Montana insurance code authorizes the Commissioner to obtain services to review the application for a captive insurer at the applicant's expense. If the Commissioner determines that such services are needed, you will be required to submit an additional copy of the application materials to the reviewer and you will be notified of the cost.
- The Department may perform an organizational examination in advance of (6.6.6803) or as soon as possible after you receive the Certificate of Authority and have capitalized the captive. In addition, at least once in 3 years, or more frequently if the Commissioner considers it prudent, the Commissioner or some appointed Financial Examiner shall visit each captive insurance company and thoroughly inspect and examine its affairs to ascertain its financial condition, its ability to fulfill its obligations, and whether it has complied with the provisions of Montana Captive Law. The cost of these examinations will be borne by the applicant.
- Montana captive insurers must file an annual statement in accordance with Section 33-28-107.

### Other Issues

#### Financial Regulation

Montana administrative rules require that an independent certified public accountant, approved by the Commissioner, audit the captive annually. The applicant must select an accountant who

meets the requirements of the administrative rule. You may ask the Department if your CPA is currently approved. See 6.6.6801 through 6.6.6820 ARM.

#### Certification of Reserves

Montana administrative rules require that loss reserves and loss expense reserves be certified by a Fellow of the Casualty Actuarial Society, a member in good standing of the American Academy of Actuaries, or an individual who has demonstrated his competence in loss reserve evaluation to the Commissioner. The Commissioner must approve the actuary. The applicant must select an actuary that

meets the requirements of the administrative rule. See 6.6.6816 ARM.

#### Review Firm

If it is considered necessary, the commissioner may have the application reviewed by outside experts, with the costs of the review paid by the applicant. The outside review is of an advisory nature only and the Commissioner will make final approval or disapproval of an application only.

#### Annual Statement Form

33-28-107(2)(a) On or before March 1 of each year, each captive insurance company shall submit to the Commissioner a report of its financial condition in a form and manner as required by the Commissioner, verified by oath of two of its executive officers.

33-28-107(2)(b) each captive insurance company shall report using generally accepted accounting principles, unless the Commissioner requires the use of statutory accounting principles - Captive Risk Retention Groups must file an annual statement on the annual statement blank adopted by the National Association of Insurance Commissioners (NAIC) for property-casualty insurance companies. This form must also be filed with the NAIC. Captive RRG'S are also required to file the CPA Audit by 6-1.

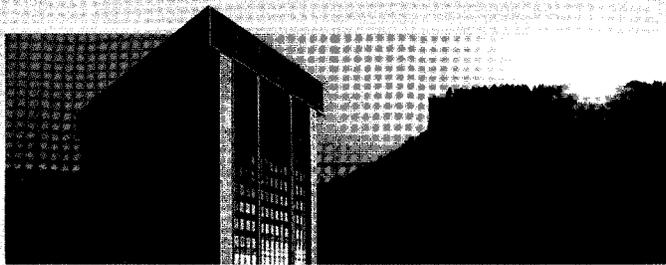
- Pure and Industrial Captive Insurance Companies may file the short form financial on or before March 1st without the actuarial opinion requested in 6.6.6816 ARM. The short form financial on the GAAP basis may be downloaded from the list of forms below. The actuarial opinion on reserves is required for the CPA Audit that is due on or before 6-30 of each year. Any differences between the statement submitted on 3-1 and the CPA audit of 6-30 need to be reconciled.

#### Location of Captive Records

All books, records, and other information necessary for a statutory examination should be located in Montana.

The primary regulatory contact for captive insurance applications is Steve Matthews. Steve can be reached by phone at 406-444-4372 or via e-mail at [smatthews@mt.gov](mailto:smatthews@mt.gov).

## TIME HONORED VALUE



### Superior Legal Representation

Moulton Bellingham PC is a Montana law firm that has been in existence for over 100 years. The attorneys at Moulton Bellingham PC specialize in many areas of law that affect the captive insurance industry. We assist with the regulatory, legal and tax aspects of captive insurance company formation and capitalization and provide guidance in the management and administration of captives, Risk Retention Groups, and other Alternative Risk Transfer arrangements. In addition, we have experienced litigators who are qualified to defend claims when they arise. Our attorneys are actively involved with the Montana Captive Insurance Association, represent many of the captive insurance companies domiciled in the State of Montana, and work closely with other captive service providers both throughout the State of Montana and nationally. In addition to having attorneys licensed to practice in the State of Montana, Moulton Bellingham PC also has attorneys licensed to practice in the States of Wyoming, North Dakota and Nebraska, and in all federal and appellate courts.

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Billings, MT 59103-2559  
Phone (406) 248-7731  
Fax (406) 248-7889

# Licensed Montana Captive Insurance Companies

(As of 8/31/10)

COMPANY	DATE LICENSED
1. Allegiance Re, Inc.	04-19-2006
2. American Builders Insurance Company RRG, Inc	08-16-2006
3. American Trucking & Transportation Ins. Co. RRG	09-12-2002
4. Arlington Grandview Insurance Company, Inc	12-31-2008
5. Auto Dealers Insurance Company, Inc	04-27-2007
6. Aviation Alliance Insurance Risk Retention Group, Inc	06-18-2010
7. Blue River Insurance Company, Inc	07-23-2010
8. Bluestone Risk Management, Inc	09-30-2009
9. Cattleman's Insurance Company, A Risk Retention Group	05-03-2010
10. CrossFit Risk Retention Group, Inc	12-11-2009
11. Eadonton Insurance Company	09-15-2005
12. EBMS Re, Inc	01-01-2010
13. Elk Run Insurance Company, Inc	12-29-2009
14. Enterprise Insurance Company, Inc	12-31-2008
15. Glacier Indemnity, Inc	09-21-2007
16. Golden State Holdings, Inc	12-31-2009
17. Golden State Insurance Company, Inc	12-31-2009
18. Granite Mountain Insurance Company	12-27-2006
19. Guardian Risk Retention Group	07-29-2003
20. Identity Assurance & Management Company	12-31-2008
21. Kootenai Reinsurance Corp	06-29-2009
22. MD Risk Retention Group, Inc	11-30-2005
23. MHA Workers Compensation Reciprocal	08-31-2005
24. Montana Health Network Liability & Casualty Exch	10-15-2003
25. Montana Healthcare Indemnity LLC	03-21-2008
26. Mountain States Healthcare Reciprocal RRG	05-13-2008
27. National Contractors Insurance Company Inc., a RRG	02-05-2009
28. Northern Rockies Insurance Company LLC	06-09-2008
29. NPIP Re Inc	08-24-2009
30. Obstetricians & Gynecologists RRG of America, Inc	01-12-2007
31. Pacific Capital Holdings, Inc	12-31-2009
32. Pacific Capital Insurance Company, Inc	12-31-2009
33. Pacific Re., Inc	01-06-2006
34. Pacifica Assurance Company Inc	05-25-2004
35. Physicians Risk Retention Group, LLC	12-13-2007
36. Preferred Contractors Insurance Company RRG, LLC	01-06-2006
37. Presidio Reinsurance Corp	06-17-2009
38. Professionals Risk Retention Group, Inc	12-24-2007
39. Radigan Insurance Inc	11-30-2006
40. Regent Insurance Company, Inc	12-28-2007
41. Roche Captive Insurance Co. of America	02-06-2004
42. Rocky Mountain Insurance Company	12-22-2004
43. Silver Stone Insurance Company, Inc	12-31-2009
44. Systems Protection Assurance Inc	09-24-2004
45. West Point Holdings, Inc	12-31-2009
46. West Point Insurance Company, Inc	12-31-2009

# Service Provider Directory

Captive insurance companies normally rely on a team of quality industry service provider for assistance with formation and ongoing management. The following list of service providers are MCIA members as of August 31, 2010 and while the association does not specifically endorse any specific member, these companies are all actively involved in the Montana domicile. A current listing of MCIA service provider members can be accessed on-line at [www.mtcaptives.org](http://www.mtcaptives.org).

## CAPTIVE MANAGERS

### AJA Risk Management Consultants, Inc.

Donald Rousso, President  
2010 Main Street, Suite 650  
Irvine, CA 92814-7294  
949/269-1400  
Email: [drousso@altaholdings.com](mailto:drousso@altaholdings.com)  
Website: [www.altaholdings.com](http://www.altaholdings.com)

Comprehensive risk management solutions are now available for the middle market from the premier captive specialists at Alta Holdings, LLC. World class service from experienced CPAs, attorneys, insurance, and business professionals is delivered along with exclusive benefits for advisors and their clients.

### Brentwood Services Administrators

Mike Weigel, Director of Operations, NW Region  
2409 Dearborn, Suite A  
Missoula, MT 59806  
Phone: 406/543-7195  
Email: [mike.weigel@bwood.com](mailto:mike.weigel@bwood.com)  
Website: [www.bwood.com](http://www.bwood.com)

Brentwood Services is a leading provider of program administration services including Claims Management and Loss Control services for specialty insurance companies including captives. The company's technology platform supports all critical functions and BSA can provide statutory financial accounting and reporting services and assistance with reinsurance.

### GPW and Associates, Inc.

Charles A. Wanner, Vice President  
2700 N. Third Street, Suite 3050  
Phoenix, AZ 85004  
Phone: 602.200.6921 • Fax 602.200.6901  
Email: [cwanner@gpwa.com](mailto:cwanner@gpwa.com)  
Website: [www.gpwa.com](http://www.gpwa.com)

GPW offers a wide variety of financial, tax and actuarial management services for risk retention groups, pure captives and agency captives. GPW's strength is the "one-stop" approach to managing our clients' needs by combining accounting, actuarial, tax and regulatory compliance expertise under one roof in a coordinated effort.

### ORG Risk Management

Brenda Olson, President  
104 Crestview Drive, Suite 105  
Bigfork, MT 59911  
Phone: 406.837.2774 • Fax: 406.837.2776  
Email: [brendao@orgcaptives.com](mailto:brendao@orgcaptives.com)  
Website: [www.orgcaptives.com](http://www.orgcaptives.com)

ORG advises, implements, and manages ART programs including captives and RRGs. With 20 years experience and focus on client satisfaction and ethics, ORG is Montana's most popular captive manager. Our motto is "Dream Big, Work Hard, Have Fun, Get it Done."

### Pacific Risk Solutions, LLC

Tony Schmidt, President  
2897 Kalawao Street  
Honolulu, Hawaii 96822  
Phone: 808/988-3215  
Email: [tschmidt@pacificrisksolutions.com](mailto:tschmidt@pacificrisksolutions.com)



# Service Provider Directory

Website: [www.pacificrisksolutions.com](http://www.pacificrisksolutions.com)

Pacific Risk Solutions provides independent captive insurance feasibility, formation and management services. With regulatory and private sector experience the Company provides a unique prospective when developing your captive program to meet your specific needs, instead of a "one-size fits all" approach.

## W.A. Taft & Company (MT) LLC

Dick Goff, Managing Member  
27 North 27th Street, Suite 1900  
Billings, MT 59101  
Phone: 877.587.1763 • Fax: 877.224.0876  
Email: [dick@taftcos.com](mailto:dick@taftcos.com)  
Website: [www.taftcos.com](http://www.taftcos.com)

W.A. Taft & Company (MT) LLC is a Montana based captive management and alternative risk transfer (ART) consulting group providing captive feasibility studies, formation, management, and reinsurance placement services. It also has direct access to the Bermuda market through its sister company, W.A. Taft Insurance Brokers Ltd.

## LEGAL SERVICES

### Browning Kaleczyc Berry & Hoven PC

Stan Kaleczyc, Shareholder  
Kim Beatty, Shareholder  
139 North Last Chance Gulch  
Helena, MT 59601  
Phone: 406.443.6820  
Email: [stan@bkbh.com](mailto:stan@bkbh.com) or [kim@bkbh.com](mailto:kim@bkbh.com)  
Website: [www.bkbh.com](http://www.bkbh.com)

Stan Kaleczyc and Kim Beatty, shareholders in Browning, Kaleczyc, Berry & Hoven, P.C., have been involved in the creation of and providing on-going legal advice and representation to a variety of public and private sector captives for more than 20 years. With offices located in Helena, they are strategically located close to state regulators and decision makers, and represent captives before the courts and administrative agencies.

### Moulton Bellingham, P.C.

John T. Jones, Shareholder/President  
27 North 27th Street, Suite 1900  
Billings, MT 59101  
Phone: 406.248.7731 • Fax: 406.248.7889  
Email: [jones@moultonbellingham.com](mailto:jones@moultonbellingham.com)  
Website: [www.moultonbellingham.com](http://www.moultonbellingham.com)

Moulton Law Firm is a 100-plus year firm specializing in corporate, commercial defense litigation, insurance litigation, tax and business, banking, health, and natural resource law. Moulton Law Firm prides itself in the delivery of a very high quality of service to its business and individual clients.

## ACCOUNTING

### Anderson ZurMuehlen & Co, P.C.

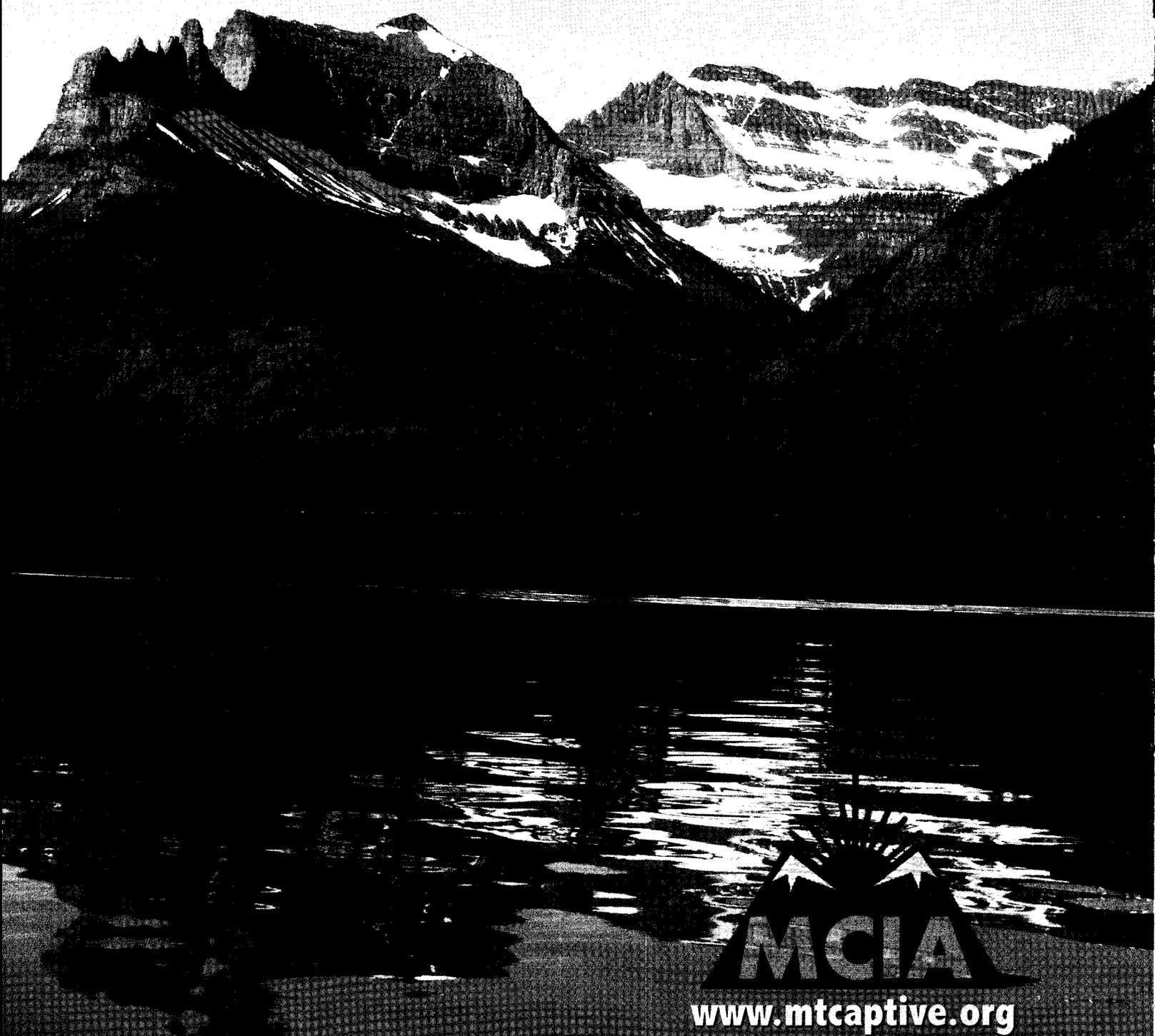
Michael Tobiason, Shareholder  
1821 South Avenue West, 5th Floor  
Missoula, MT 59806  
Phone: 406/721-7800  
Email: [mtobiason@azworld.com](mailto:mtobiason@azworld.com)  
Website: [www.azworld.com](http://www.azworld.com)



*Mountain States Healthcare Reciprocal Risk Retention Group (MSHRRG) was formed in 2003 to insure member hospitals of VHA Mountain States Region. The RRG was originally domiciled in Vermont, but we moved to Montana in 2008 in order to be closer to its members (subscribers). Our move to Montana was effortless due to the efficient and timely cooperation of the Montana regulators.*

*John Solheim*  
President  
MSHRRG

# Picture Yourself in MONTANA



**MCIA**  
[www.mtcaptive.org](http://www.mtcaptive.org)

# Service Provider Directory

Anderson ZurMuehlen provides audit, tax, and consulting services to a variety of captive entities. Our team of dedicated professionals working in the captive arena has developed an efficient approach to meeting the regulatory reporting needs of the captive market. We are committed to the growth of the industry and each Montana captive.

## Galusha, Higgins & Galusha PC

Brenna McDonough, CPA, Manager  
127 East Front Street, Suite 301  
P.O. Box 8867  
Missoula, MT 59802  
Phone: 406-728-1800  
Fax: 406-542-8758  
Email: [brenna@ghg-cpa.com](mailto:brenna@ghg-cpa.com)  
Website: [www.ghg-cpa.com](http://www.ghg-cpa.com)

Galusha, Higgins & Galusha, PC, is committed to providing a complete range of timely, innovative and reliable consulting, tax, and accounting services. We commit ourselves to a process of life-long learning, including the continual updating of our technical expertise. We uphold the highest ideals of integrity and professional conduct, while maintaining mutual respect and trust with our clients.

## Junkermier Clark Campanella Stevens, CPAs

Sabrina White, Marketing Coordinator  
2620 Connery Way  
PO Box 16237  
Missoula, MT 59808  
Phone: 406-549-4148 • Fax: 406-549-3003  
Email: [swhite@jccscpa.com](mailto:swhite@jccscpa.com)  
Website: [www.jccscpa.com](http://www.jccscpa.com)

Founded in 1946, JCCS is one of Montana's largest

CPA firms with over one hundred twenty professionals serving six Montana communities. Our services include: tax planning & preparation, accounting, auditing, bookkeeping, payroll, business valuations, employee benefits, estate planning, computer advisory, design & administration of retirement & cafeteria plans, and succession planning.

## Saslow Lufkin & Buggy, LLP

David Roberts, Audit Partner  
10 Tower Lane  
Avon, CT 06001  
Phone: 860/470-2107  
Email: [droberts@slbcpa.com](mailto:droberts@slbcpa.com)  
Website: [www.slbcpa.com](http://www.slbcpa.com)

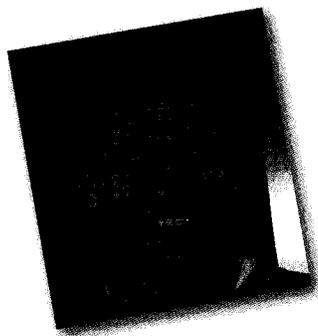
Saslow Lufkin & Buggy, LLP is a leading provider of audit and tax services to companies operating in the alternative insurance marketplace. Our audit group specializes in both GAAP and statutory basis accounting, and our taxation group provides tax return preparation services and assists with structuring captives to assure IRS compliance.

## ACTUARIAL SERVICES

### Bartlett Actuarial Group

Julie Ekdom, ACAS  
P.O. Box 15127  
Phoenix, AZ 85060  
Phone: 602-956-3293 • Fax: 602-956-3293  
Email: [juliee@bartlettactuarialgroup.com](mailto:juliee@bartlettactuarialgroup.com)  
Website: [www.bartlettactuarialgroup.com](http://www.bartlettactuarialgroup.com)

Bartlett Actuarial Group is an independent property and casualty actuarial consulting firm providing services to clients in the alternative risk transfer market. We specialize in



*Since forming Preferred Contractors Insurance Company in 2005, we have benefited from domiciling in Montana. We chose Montana as our domicile because of the flexible captive legislation, easy to work with regulators and low operating costs. Our licensing process was timely and efficient. In just a few weeks we were approved and able to write business. We would recommend to anyone interested in forming a captive insurance company to establish their domicile in Montana.*

*Phil Salvagio*  
President

Preferred Contractors Insurance Company RRG

# Service Provider Directory

captive feasibility studies, captive program formation, self-insurance programs and actuarial certification of insurance reserves. We service clients nationwide. Our offices are in Phoenix, AZ, Charleston, SC and Burlington, VT.

## Milliman

Chuck Mitchell, Consulting Actuary  
15800 W Bluemound Rd, Ste 400  
Brookfield, WI 53130  
Phone: 262.796.3341 Fax: 262.784.6388  
Email: [chuck.mitchell@milliman.com](mailto:chuck.mitchell@milliman.com)  
Web: [www.milliman.com](http://www.milliman.com)

Milliman is among the world's largest independent actuarial firms with expertise in property & casualty, life, healthcare and employee benefits. Our alternative market services include: estimating ultimate losses, liabilities, and providing statements of actuarial opinion as required by regulators; preparing captive feasibility studies; reviewing reinsurance program design; and preparing benchmark loss rate, frequency, and claim

## FINANCIAL SERVICES

## Royal Bank of Canada U.S. Wealth Management

Ben Hamilton, Senior Vice President  
3883 Howard Hughes Parkway  
Las Vegas, NV 89169  
Phone: 702/893-8751  
Email: [m.ben.hamilton@rbc.com](mailto:m.ben.hamilton@rbc.com)  
Website: [www.rbc.com](http://www.rbc.com)

RBC offers captive insurance companies a range of solutions from a dedicated captive team both onshore and offshore to include : letters of credit, 114 Trusts, , safekeeping, banking and custodial services, securities lending, investment portfolio construction specific to the individual captive needs , access to world class equity, bond and hedge fund managers.

## Wells Capital Management

Zachary Smith  
299 S Main Street, 5th Floor  
Salt Lake City, UT 84111  
Phone: 801.246.1594 • Fax: 801.246.1595  
Email: [smithz@wellscap.com](mailto:smithz@wellscap.com)  
Website: [www.wellscap.com](http://www.wellscap.com)

Wells Capital Management is a registered investment advisor and wholly owned subsidiary of Wells Fargo Bank, N.A. We have three decades of expertise managing a variety of domestic and offshore captive assets. Our goal is to provide investment advisory services that meet the evolving needs of captive insurance clients. Wells Capital Management is committed to building long-term relationships with our clients by providing superior service and investment performance.

## Wells Fargo Bank, N.A.

Tyler Nose, Vice President  
175 North 27th Street  
Billings, MT 59101  
Phone: 406.657.3449 • Fax: 406.255.8973  
Email: [Tyler.L.Nose@wellsfargo.com](mailto:Tyler.L.Nose@wellsfargo.com)  
Website: [www.wellsfargo.com/biz](http://www.wellsfargo.com/biz)



# Service Provider Directory

You work long and hard to make your business successful. Wells Fargo wants to work with you to help you take your business to The Next Stage®. With our broad range of financial services, Wells Fargo can offer you the products your business needs and the service your business deserves.

## REINSURANCE

### EWI Risk Services

Steven M. McElhiney, President  
One Lincoln Centre, Suite 1060  
5400 LBJ Freeway  
Dallas, TX 75240  
Phone: (972) 560-0675 Fax: (972) 866-6801  
Email: smcelhiney@ewirisk.com  
Website: www.ewirisk.com

At EWI, we understand that there are substantial economic advantages to be gained by establishing a captive. We focus on providing advisory services to assist organizations in selecting the best risk vehicle, in the most efficient domicile to lower your insurance costs.

### Preferred Reinsurance Intermediaries, Inc.

Robert H. Sanders, President  
14 Monckton Blvd.  
Columbia, SC 29206  
Phone: 803-790-4801 Fax: 803-790-4825  
Email: rsanders@preferredre.com  
Website: www.preferredre.com

Preferred Reinsurance Intermediaries, a member of The Preferred Group, is headquartered in Columbia, South Carolina with offices in New York, New Jersey, and Illinois. The Preferred Group has three separate divisions: Preferred Reinsurance Intermediaries, Inc., Preferred Consulting Services, and Preferred Specialty, LLC. The Preferred Group provides insurance and reinsurance brokerage as well as consulting services to clients consisting of producers, MGAs, insurance companies and captives throughout the world.

### Risk Services, LLC

Michael T. Rogers, President  
1800 Second Street, Suite 909  
Sarasota, FL 34236  
Phone: 941.955.0793 Fax 941.906.7538  
Email: mrogers@pboa.com  
Website: www.riskservcos.com

Risk Services provides captive management, regulatory compliance, reinsurance intermediary, and consulting services to the alternative insurance marketplace. Risk Services has formed over 100 captives, including Risk Retention Groups, group captives, agency captives, pure captives and rent-a-captive programs in major on-shore domiciles, and formed more RRGs in 2004 and 2005 than any other captive manager.

### Zurich NA

Steve Bauman, Senior Vice President - Head of Captive Services  
105 E. 17th Street  
New York, NY 10003



*Our experience in Montana has been an overwhelmingly positive one. I would highly recommend this domicile to anyone serious about setting up a captive insurance company.*

*Sam McDonald*  
President  
Big Sky Captive Insurance Company

# BIG Captive Opportunities



AMERICAN  
Captive Insurance  
www.americancaptive.com

## Montana's Big Sky

# Service Provider Directory

Phone: (917) 534-4857

Email: [steve.bauman@zurichna.com](mailto:steve.bauman@zurichna.com)

Website: [www.zurichna.com](http://www.zurichna.com)

Zurich Financial Services Group is an insurance-based financial services provider. Founded in 1872, we have a global network of subsidiaries and offices in North America, Europe, Asia Pacific, Latin America and other markets. Our 60,000 employees serve customers in more than 170 countries. We offer customers across a wide range of industries our experience in working with captives and incorporating them effectively into risk management programs.

## INFORMATIONAL SERVICES

### Maple Technologies, LLC

Nicholas H. Teetelli, Chief Executive Officer

300 Corporate Center Drive, Ste. 100

Manalapan, NJ 07726

Phone: 732.863.5523

Email: [info@maple-tech.com](mailto:info@maple-tech.com)

Website: [www.maple-tech.com](http://www.maple-tech.com)

Maple Technologies is a software development company whose primary focus is in providing information systems solutions to the captive insurance industry. Our flagship product, Aspire, offers captive insurers high levels of custom configuration through a scalable and comprehensive web-based solution for policy and claims administration requirements. More importantly, these solutions are affordable and cost effective.

## MISC / OTHER SERVICES

### Kinder & Associates, Inc.

James A. Kinder, President & CEO

418 Terry Road

Fountain Inn, SC 29644

Phone: (864) 409-8347

Email: [jkinder120@aol.com](mailto:jkinder120@aol.com)

Kinder & Associates, Inc. provides consulting services in the areas of government relations, corporate governance, marketing and public relations. In addition, Mr. Kinder is available to serve as independent director for captives and RRGs with over 40 years experience in the insurance/ART market. K&A also places additional professionals to serve as independent directors for captives & RRGs.

### Rocky Mountain Health Network

Dr. Paul Cook, President

315 N. 25th Street, Suite 201

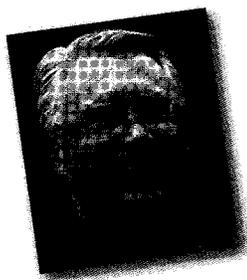
Billings, MT 59101

Phone: 406/238-6066

Email: [pcook@rmhn.org](mailto:pcook@rmhn.org)

Website: [www.rmhn.com](http://www.rmhn.com)

RMHN is a provider hospital organization that offers comprehensive financial and administrative transaction management to enhance profitability and patient care at the same time. RMHN is a membership-owned organization committed to giving you the competitive advantage you need by providing the best technology available to efficiently manage your receivables and by offering an accomplished team of business management experts who stand ready to support you.



*In 2007 when Billings Clinic, Montana's largest healthcare organization, was investigating forming its own captive we considered several domiciles. Montana's captive insurance division (particularly Steve Matthews and Tal Redpath) gave us so much individual attention that Montana quickly became our domicile of choice. Unlike the other domiciles we considered, the Montana Insurance Department reached out to us and answered all our questions and then gave us a lot of assistance in filing the application. We continue to be very pleased with our decision to domicile in Montana.*

*Randy Penton*

Director of Risk Management

Montana Health Care Indemnity (Billings Clinic)

## THE MONTANA DIFFERENCE

- Industry-Friendly Legislation
- Cooperative and Efficient Regulators
- One-on-One Working Relationship with Insurance Department Staff and State-wide Elected Officials
- Accessible Infrastructure of Industry Leaders

## BENEFITS OF MEMBERSHIP

- Regular communications from MCIA headquarters providing you important news from the Montana domicile
- Significant registration discounts for conferences and seminars
- Preferred consideration for speaker selection at educational events
- Invitations to exclusive Members Only networking and educational events
- Complimentary listing in MCIA's online Service Provider Directory
- Industry-wide exposure with a listing in Montana's Annual Domicile Report, distributed at industry tradeshows and upon request

Perhaps most importantly, your membership will support the association's work in promoting a business and regulatory climate where captive insurance programs will thrive.

## MEMBERSHIP APPLICATION

COMPANY/ORGANIZATION NAME \_\_\_\_\_

STREET ADDRESS \_\_\_\_\_

CITY/STATE/ZIP \_\_\_\_\_

TELEPHONE \_\_\_\_\_ FAX \_\_\_\_\_

EMAIL \_\_\_\_\_ WEBSITE \_\_\_\_\_

FULL NAME OF PRIMARY COMPANY REPRESENTATIVE \_\_\_\_\_

JOB TITLE \_\_\_\_\_

PRIMARY INDUSTRY OF APPLICANT \_\_\_\_\_

ADDITIONAL COMPANY CONTACTS (others who should receive MCIA materials)

NAME \_\_\_\_\_ TITLE \_\_\_\_\_ EMAIL \_\_\_\_\_

NAME \_\_\_\_\_ TITLE \_\_\_\_\_ EMAIL \_\_\_\_\_

HOW DID YOU FIND US? (please select the best option below)

Internet                      Networking Event                      MCIA Conference                      MCIA Direct Mail                      MCIA Blast Email  
 Referral From Colleague                      Tradeshow                      Montana State Auditor's Office                      Other \_\_\_\_\_

**MEMBERSHIP CATEGORY** (check one)

Captive Insurance Company/RRG - \$695

Industry Service Provider - \$995

Your membership in MCIA is not tax deductible as a charitable contribution for federal income tax purposes. However, membership dues and related payments made to MCIA may be deductible as an ordinary business expense.

Please check the box that best describes your business:

- |                                       |    |
|---------------------------------------|----|
| Single Parent Captive Program         | 01 |
| Association Sponsored Captive Program | 02 |
| Risk Retention Group                  | 03 |
| Captive Manager                       | 04 |
| Financial Services                    | 05 |
| Legal Services                        | 06 |
| Accounting/Actuarial Services         | 07 |
| Reinsurance                           | 08 |
| Risk Management Consultant            | 09 |
| Other                                 | 10 |

**PAYMENT INFORMATION** (check one)

Enclosed is my check made payable to MCIA

Please charge the following:

VISA                      MASTERCARD                      AMEX                      DISCOVER

CREDIT CARD NUMBER \_\_\_\_\_

EXPIRATION DATE \_\_\_\_\_

VAL CODE (MC, Visa, Discover—last 3 digits on card back; AMEX—4 digits on card front) \_\_\_\_\_

CARD IN THE NAME OF \_\_\_\_\_

BILLING ADDRESS \_\_\_\_\_

SIGNATURE \_\_\_\_\_

**Mail Completed Application and Payment to:**  
 Montana Captive Insurance Association, Inc. (MCIA)  
 1302 24th Street West #303, Billings, MT 59102-3861  
 Phone: 866.388.6242 Email: info@mtcaptive.org





# Practicing the ART of Imagination®

The Taft Companies provide Alternative Risk Transfer (ART) solutions and captive management services within Bermuda and U.S. captive insurance company domiciles. It also provides access to the Bermuda market as a licensed Bermuda broker. Its services include captive feasibility studies; formation and management services through its subsidiary companies, as well as structuring reinsurance designs and placement.

W. A. Taft Insurance Brokers Ltd. is a Bermuda-based licensed broker. As an independent non-aligned entity, Taft provides brokers and captives access to the most innovative and entrepreneurial insurance market in the world.

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## OUR OFFICES

The Taft Companies, LLC  
901 Dulaney Valley Rd · Suite 610 · Towson, MD 21204  
P (877) 587-1763 · F (877) 224-0876

W. A. Taft & Company, (DC) LLC

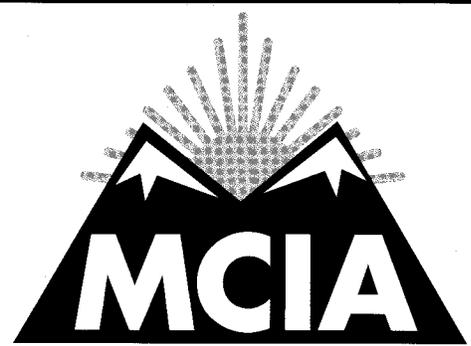
W. A. Taft & Company, (MT) LLC

W. A. Taft & Company, (SC) Ltd., LLC

W. A. Taft & Company Ltd. (Bermuda)  
W. A. Taft Insurance Brokers Ltd.  
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Insurance Association, Inc.

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(MCIA)

1302 24th Street West #303, Billings, MT 59102-3861

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[www.mtcaptives.org](http://www.mtcaptives.org)

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**Technologies**  
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