

INSURANCE LAW ALERT

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New Jersey Licenses First Captive Insurance Company

The New Jersey Department of Banking and Insurance on July 14 announced that it had licensed Prudential New Jersey Captive Insurance Company as the state's first captive insurance company. Prudential Insurance Company of America formed this entity to manage risks in its life insurance and annuity business.

New Jersey's captive insurance company law took effect on May 22. The law promotes the formation of new captive insurance companies in the state as well as re-domestication to New Jersey of captives currently formed in other states. Captive insurance companies can provide significant tax and risk management benefits to their parent companies. For a summary of the legislation and the potential benefits captive insurance companies offer, see the Bressler, Amery & Ross February 2011 [Insurance Law Alert](#).

In May, the Department of Banking and Insurance published a regulatory bulletin detailing procedures for the Department's use in the licensing and regulation of captive insurance companies until formal regulations are promulgated. Like the captive legislation itself, the procedures are modeled after Vermont's highly successful captive insurance program. The bulletin is available at http://www.state.nj.us/dobi/division_insurance/captive/laws.htm. ■

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