



State of Utah

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Insurance Department

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54 New Captives for Utah

Continuing its rapid growth, Utah gained 54 new captive insurance companies during 2010, according to the Utah Insurance Department. At the end of the year, there were 188 captive insurers in active operation with another 11 new applications pending. Despite economic uncertainties and a soft market, Utah continues to gain momentum as a favorable captive domicile. In 2009, Utah added 33 new captives and 32 in 2008.

According to the Captive Division's Director, Ross Elliott, the growth occurred principally in pure (single parent company) captive structures from domestic US parent organizations. Four companies re-domiciled from offshore locations while the others were all new formations. Industry growth was higher in the healthcare, manufacturing, and professional services sectors.

Insurance Commissioner Neal Gooch commented that, in addition to Utah's favorable insurance regulations, the business-friendly environment, easy-to-reach transportation structure, and fantastic tourism venues also contributed to the captive growth rate. To back his point, he cited Forbes' 2010 recognition of Utah as the #1 location for business and careers as well as Pew Research's ranking of Utah as the best governed state.

Captive insurance companies (captives) are insurance companies formed and wholly owned by the businesses, associations, and groups that they insure. Captives are formed as risk management tools and as alternatives to the traditional insurance market. Captive insurers domiciled in Utah provide insurance to contractors, nursing homes, energy companies, manufacturers, and others. The Legislature passed the captive act in 2003 to take advantage of the economic benefits that can be derived from captive regulation.

The growth of the captive insurance industry contributes to Utah's economy by bringing high-paying support jobs, including attorneys, CPAs, actuaries, a captive association and more to the state. Utah's travel and tourism industry also benefits as people from outside Utah travel here to conduct captive insurance business.

Companies interested in bringing captive operations to Utah can contact Ross Elliott, Utah Captive Insurance Director at (801) 537-9047 or by email to rcelliott@utah.gov.

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