

To: Captive Managers with Tennessee Captive Insurance Companies
From: Mark Wiedeman – Director, Captive Insurance
Date: January 17, 2024
Re: 2023 Annual Captive Premium Tax and Annual Report Filings

Dear Captive Managers,

Happy New Year and thank you for your continued support of Tennessee! We experienced wonderful growth in 2023. We have now formed over 1,109 risk bearing entities. We have 162 active captives with 541 cells as of January 17, 2024, and several additional formations in the approval pipeline. As we look toward further growth in 2024, I wanted to send you a friendly reminder about requirements and due dates for the 2023 annual filings.

Annual Statements and Premium Tax

Captive managers may submit captive annual statement filings and audited financial reports through the Comprehensive Online Regulatory & Enforcement System known as CORE, found at <https://access.cloud.commerce.tn.gov/portal/public>. Premium taxes should be submitted through OPTins, and Risk Retention Group financial statement filings will still be submitted through the NAIC. See below for specific deadlines and filing requirements coming up in March 2024:

March 1, 2024	RRG's: Annual financial statement reports through NAIC's iSite, and Tennessee supplemental annual reports and filing fee through CORE.
March 15, 2024	All captives: Premium tax forms and payments for all captives including RRGs, through OPTins. Annual statement reports and filing fee due for all captives reporting on a calendar year basis (except RRGs) through CORE. Estimated annual financial statement reports due for all captives <i>reporting on a fiscal year basis</i> to support premium tax returns (no filing fee) through CORE.
75 days past fiscal year end	Fiscal year filers: Final annual statement report and filing fee for captives <i>reporting on a fiscal year basis</i> through CORE.

Every active or dormant captive with a Certificate of Authority effective in calendar year 2023 or earlier is expected to file a premium tax return through OPTins (Online Premium Tax for Insurance) and an annual statement report in CORE by the above deadlines.

Every annual financial statement report must be verified by oath of two executive officers of the company. For instructions on how to create and submit this officers' certification, please see the Annual Statement Certification video on our website at captive.tn.gov and click on Applications and Forms.

Fiscal Year Filers

Please note that fiscal year filers must submit detailed information by March 15, 2024, to support the calendar year estimated premium tax filing and payment. Captive managers should utilize two CORE transactions to complete the annual reporting requirements for 2023: by March 15, 2024, the "Annual Premium Tax Support – Fiscal Year Filer non-RRG" and 75 days after their fiscal year end, the "Annual Statement for Fiscal Year Filers – non-RRG." The required annual statement report filing fee is due with the latter filing.

Premium Tax – OPTins

The Captive Insurance Section utilizes OPTins for all captive companies to file their premium tax forms and make premium tax payments online. Easy to follow instructions are available at <http://www.optins.org>.

NOTE: *If you have not yet registered your company, please contact optinsmktg@naic.org or call (816) 783-8787 to set up your OPTins account. Setting up a new account takes 7 to 10 business days, so plan ahead.*

The OPTins facility will be available beginning February 15, 2024, to file 2023 premium tax.

Premium Tax Form Completion

In completing the premium tax form, be sure to enter the type of captive and the number of cells, if applicable, along with any applicable tax credit elections (dormant captive status, tax holiday for redomesticated alien captives in year 1 or 2, foreign or alien captives formed after July 1, etc.). Premium tax amounts are calculated automatically based upon the data entered in the premium tax form. Please see T.C.A. § 56-13-114 for more information about how premium tax is calculated.

Financial Audits and Reserve Certifications

Non-RRG captives filing on a calendar year basis must file annual audits and reserve certifications in CORE or by email to the Company's assigned analyst by June 30, 2024. For fiscal year filers, the due date is 180 days after the fiscal year end.

RRGs must file the following with the NAIC in iSite:

1. Summary of Actuarial Opinion (SAO) by March 1, 2024,
2. Actuarial Opinion Summary (AOS) by March 15, 2024,

3. Management Discussion and Analysis (MDA) by April 1, 2024, and
4. Annual audited financial statements by due June 1, 2024.

Timely Submissions

Timely filings for all statutorily required filings are important to avoid monetary civil penalties. If, despite best efforts, you believe that you are not going to be able to timely file, please notify the Company's assigned analyst in advance of the deadline, communicating the reasons for the delayed filing and the expected filing date. Timely and open communication with the Department will be your best strategy to minimize any penalties for late filing. No extensions are permitted for premium tax filings.

Electronic Filing Submissions

The Captive Section accepts electronic copies of all filings with the Department, either through CORE or email. No paper documents are required. Original signature and notary stamps are still required for certain filings, but scanned documents are sufficient.

Thank you for your help in making 2023 a prosperous year for Tennessee captive insurance. We're looking forward to another great year working together!

All the best,

Mark Wiedeman
Director, Captive Insurance