

Should I Stay or Should I Go?

2025 Client Symposium

Presenters



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What Drives Captive Location?

1

Costs

2

Capital
Requirements

3

Regulatory
Climate

4

Ease of Doing
Business

5

Self-
Procurement Tax

Self Procurement Tax

Texas has a direct procurement provision that requires a **4.85%** premium tax on premiums paid directly to a captive domiciled outside of Texas as compared to a rate of **.50%** if domiciled in Texas.

Premium:		\$5,000,000	
Tax	NC	TX	
Premium Tax	\$20,000	\$25,000	
Self Procurment Tax	\$242,500	\$0	
Total	\$262,500	\$25,000	

What Triggers a Redomicile?

Self Procurement Tax

Perception – Internal & external

New legislation

Cost

- Examinations
- Premium tax
- Travel

Business objectives are no longer possible

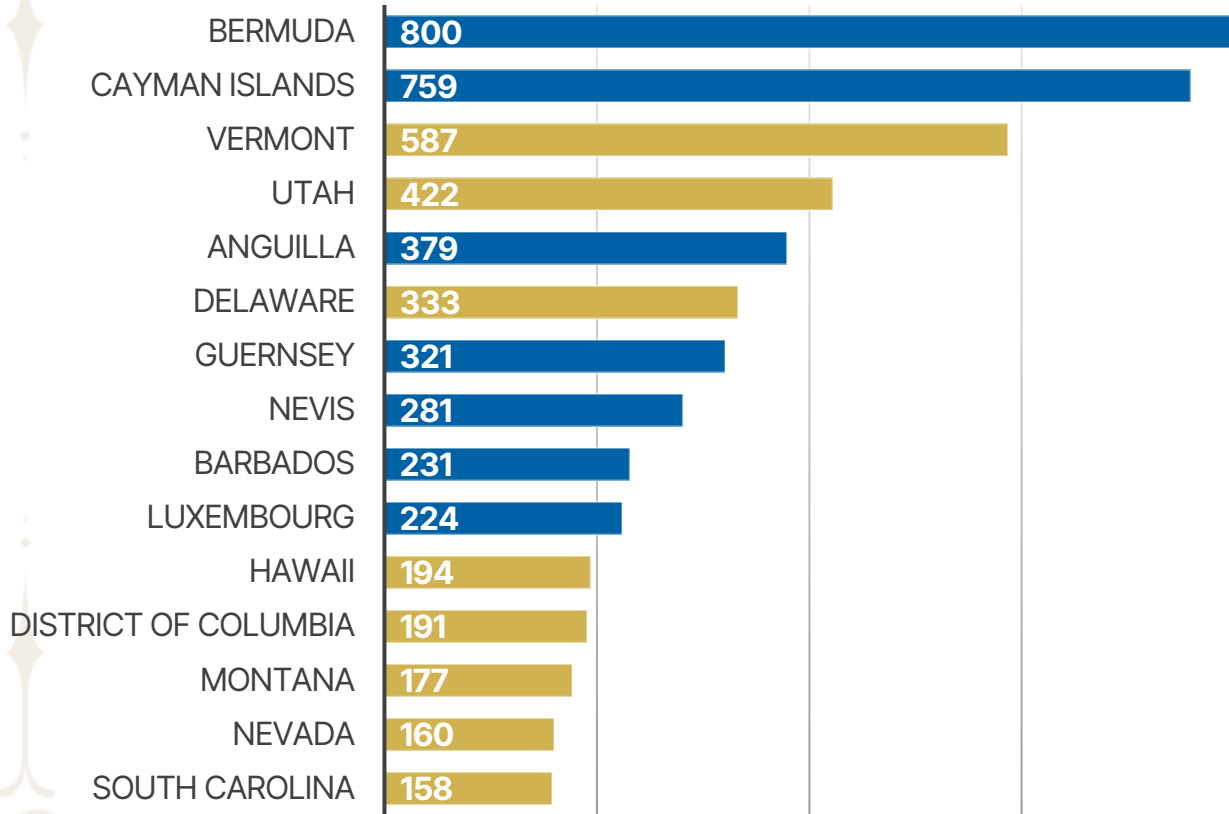
- Investments
- Pure 3rd party risk you can't write onshore

Domicile Woes

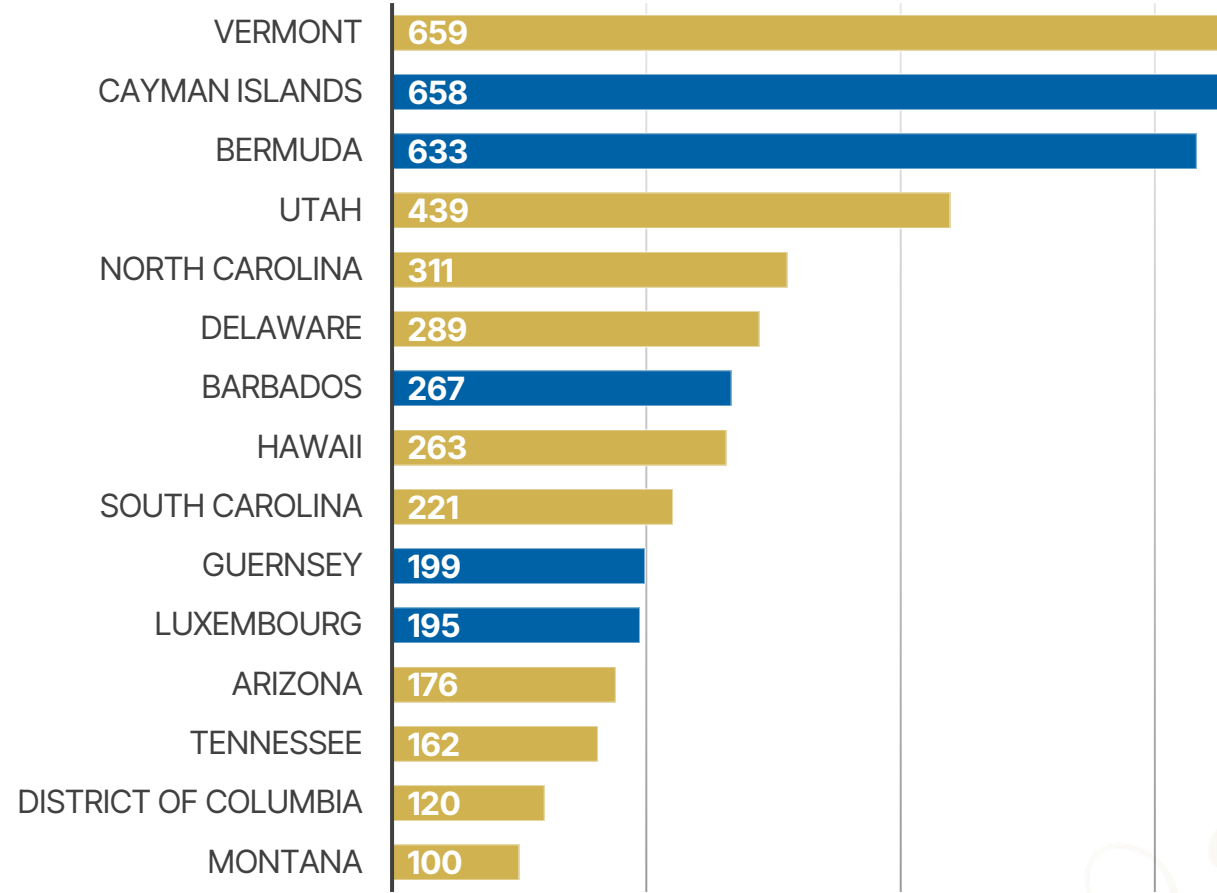
- Turn over and responsiveness
- Regulatory stance changes

Today vs a Decade Ago

2014 Licensed Captives



2023 Licensed Captives



Offshore Onshore

Considerations

Periodically assess if you are still in the correct domicile

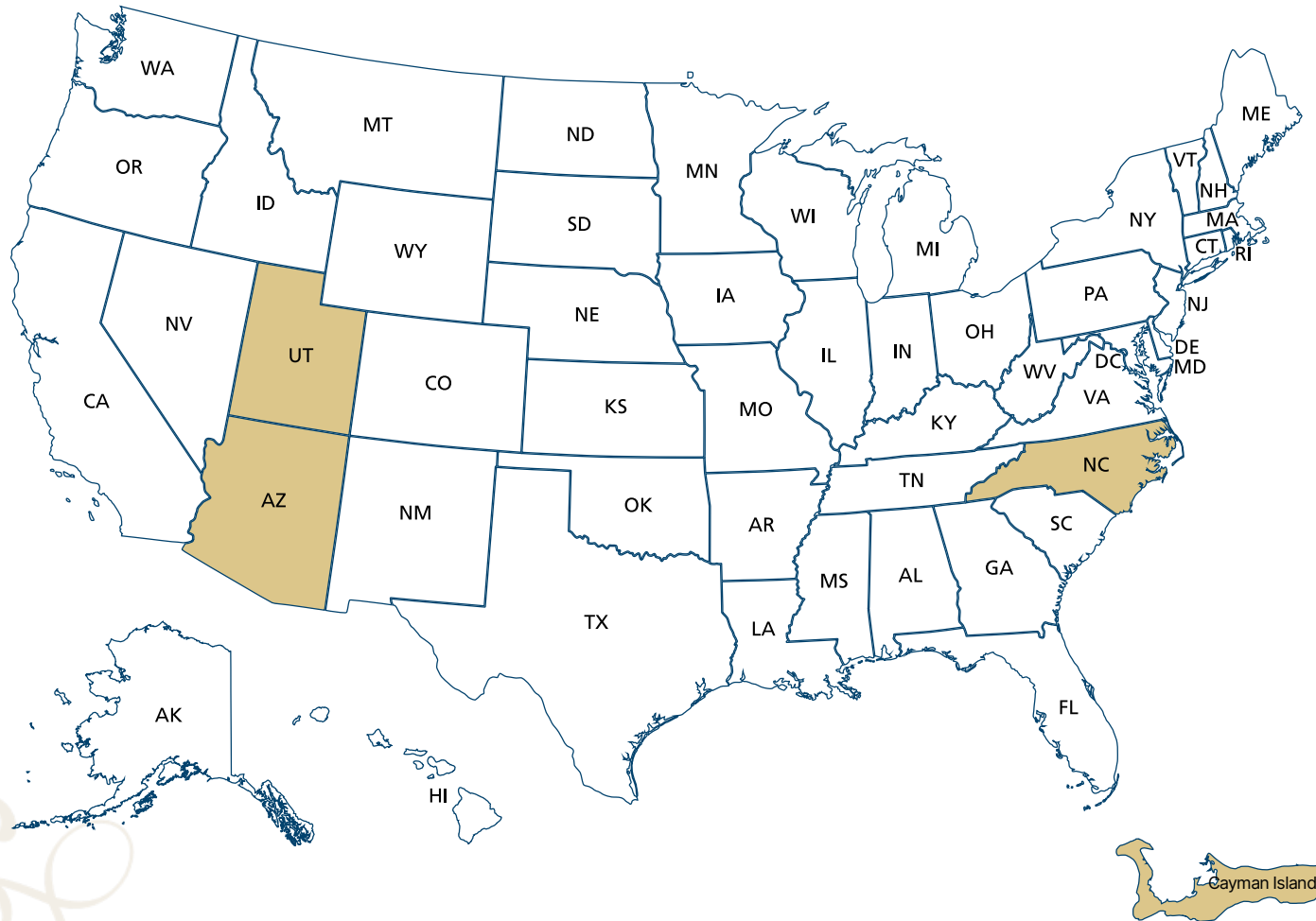
“Play the long game”

- Get involved in your domicile's association to prompt legislative changes
- Build relationship with Regulators
- Only move if there is a fundamental issue

Redomiciling is costly

- Estimate \$20 - \$50K in consulting/legal fees depending on complexity
- 2-3 month project, assuming good standing in current domicile

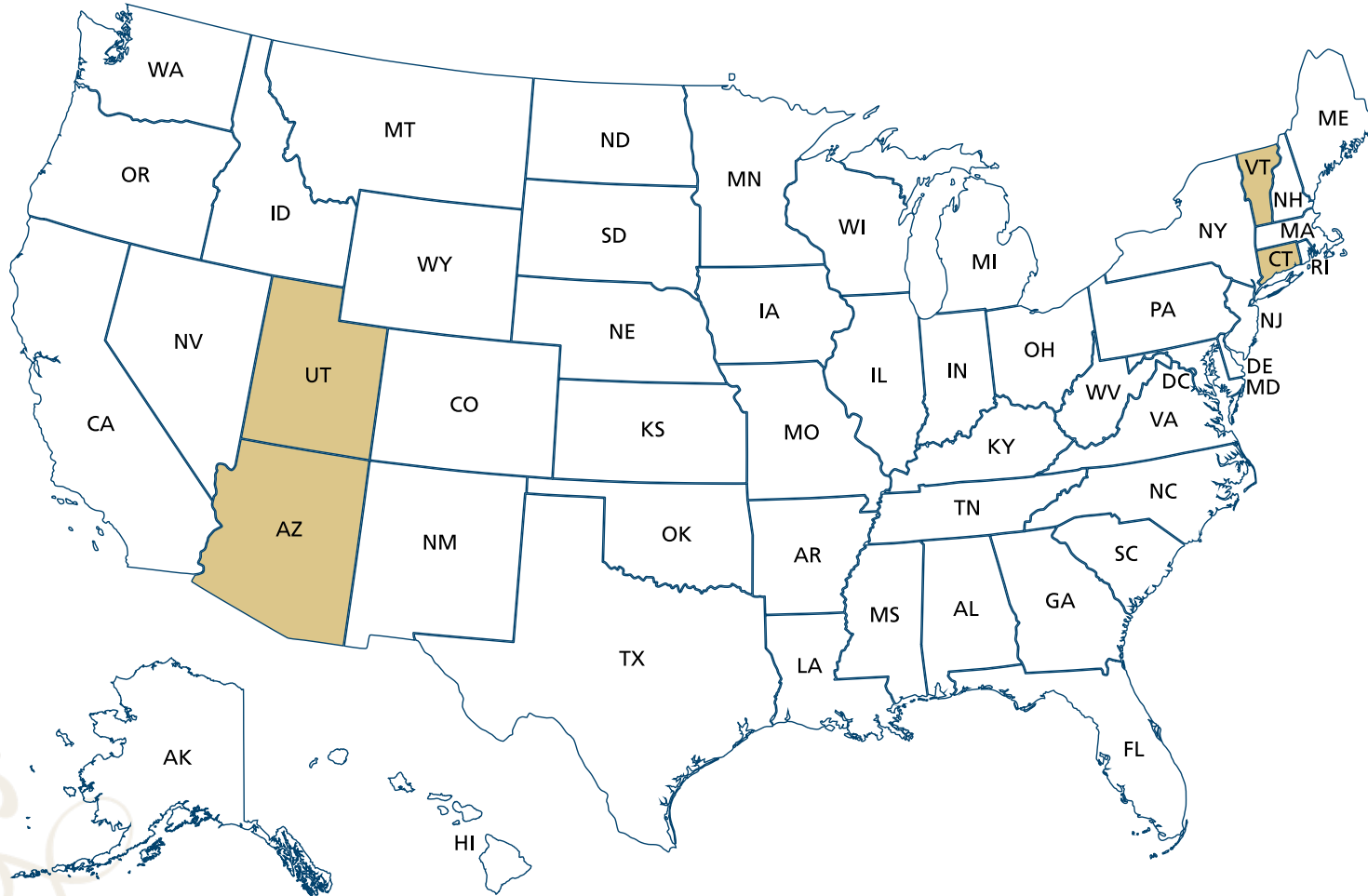
Case Studies - Go



Example: Cayman to Arizona
Cause: Perception

Example: Utah to North Carolina
Cause: Third Party Risk

Case Studies - Stay



Example: Utah to Arizona
Cause: Punitive Damages

Example: Vermont to Connecticut
Cause: Self Procurement Tax

Thank You!

For questions, please reach out to
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