

LEGAL UPDATES

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Arizona Legislature Amends Captive Insurer Provisions of Insurance Code

On May 7, 2025, Arizona Governor Katie Hobbs signed House Bill 2193 into law after the bill passed in the Arizona legislature in late April. HB 2193 amends the captive insurer section of the Insurance Code by reducing the minimum capital and surplus requirements for protected cell captive insurers to \$250,000 and changing the due date for a captive insurer's annual license renewal fee to a date not earlier than July 1 nor later than September 1.

HB 2193 permits dormant captive insurers with no outstanding liabilities to apply for a certificate of dormancy which, once issued by the Arizona Department of Insurance and Financial Institutions, remains valid for a renewable five-year term. To qualify as a dormant captive insurer, the entity must have both: "(i) ceased transactions in the business of insurance, including issuing insurance policies; (ii) no outstanding liabilities associated with the business of insurance or has not issued any insurance policy before filing an application for a certificate of dormancy." Dormant captive insurers still have financial reporting obligations and must maintain an unimpaired, paid-in capital and surplus of at least \$125,000.

The bill also cleans up statutory references to the corporate governance structure of captive insurers operating as LLCs.

HB 2193 is expected to take effect in August or September 2025.

Contact us

If you have questions regarding these changes to the state of Arizona's Insurance Code, please contact Tasha Cycholl, Andrew McNichol, Lauren Ybarra, Jared Bruttig, or your Husch Blackwell attorney.