



For Immediate Release

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**DELAWARE CAPTIVE INSURANCE INDUSTRY GROWS
SUBSTANTIALLY IN 2009**

**Insurance Commissioner Karen Weldin Stewart
Lauds Efforts of Delaware Insurance Department's Bureau of Captive and
Financial Insurance Products and the DCIA**

Dover – January 15, 2010 - Delaware Insurance Commissioner Karen Weldin Stewart announced today that the number of captive insurance companies domiciled in Delaware grew by 20% in 2009. Praising both the staff of the Department's new Bureau of Captive and Financial Insurance Products and the Delaware Captive Insurance Association for their integral roles in fostering this growth, the Commissioner said, "Considering the difficult economic environment and the fact that the Captive and Financial Insurance Products Bureau has been in existence for less than half a year, I am very pleased that we were able to add eight new captive insurance companies in Delaware in just the past six months alone." These eight new businesses were added to Delaware's 40 existing captive businesses. The initial 40 were established over the years since Delaware enacted its first captive laws during the 1980s and revised them in 2005 and 2007.

Commissioner Weldin Stewart further stated, "I am especially gratified that these new captive entities all chose to use Delaware service providers to facilitate their formation. Whether the providers are law firms, accountants, or captive managers, it shows that our new captive program is fostering economic development in Delaware by creating and retaining insurance industry jobs in the state."

Among the new captive insurers licensed in 2009 is Dover-based Delaware Surety Insurance Company. "Delaware Surety is an agency captive that will be reinsuring surety bond business," according to the company's president, R. Clay Foltz. Mr. Foltz is well-known in Delaware business circles and is the president of the Bond Agency in Dover. Commissioner Stewart added, "The fact that Delaware Surety is based in Dover is important, because one of my goals for the captive program is to grow business throughout the entire state. This new captive insurer

reflects a successful collaboration among the Department of Insurance, Delaware service providers, and the Delaware Captive Insurance Association.”

Commissioner Stewart is optimistic about the future for Delaware’s captive initiative, noting that the new captives will bring in revenue of \$800,000 to the State over the next five (5) years. “Further, there are several applications for new captive insurers in the pipeline for licensing in 2010. Based on discussions to date, we expect several additional applications to be forthcoming.”

As further evidence of the success of the initiatives of the Commissioner, Governor Jack Markell, Economic Development Director Alan Levin and Secretary of State Jeffrey Bullock to stimulate the growth of Delaware’s insurance industry and create new jobs, Commissioner Stewart cited Farmers Insurance Group’s 2009 acquisition of 21st Century Insurance and the company’s subsequent decision to not only retain 700 jobs in New Castle County, but to also expand its Delaware-based operations. “Insurance industry jobs are non-polluting jobs that require the type of talented people found in Delaware. They epitomize successful, sustainable economic development in the 21st century. We are continuously working to grow and retain more of these jobs in Delaware.”

The Delaware Department of Insurance (“DOI”) consists of five divisions: (1) Bureau of Examination, Rehabilitation & Guaranty; (2) Consumer Services & Investigations Division; (3) Producer Licensing & Continuing Education Division; (4) the Fraud Prevention Bureau; and (5) the Bureau of Captive Insurance and Financial Products. The DOI is tasked with regulating the insurance industry, tracking the financial status of the insurance entities licensed in Delaware, and ensuring reliable insurance coverage at reasonable rates for Delaware consumers. The DOI is an entirely self-funded agency with a yearly contribution to the Delaware General Fund that is approximately five times the amount of its annual operating budget. With the exception of the Bureau of Captive and Financial Insurance Products, which is funded by the premium taxes it generates, the Department does not use State taxpayer funds for its operations.