MARSH CAPTIVE SOLUTIONS: CONNECTICUT

GENERAL INFORMATION

Location
Connecticut is located in the northeastern United States, close to both the New York and Boston metropolitan areas.

Accessibility
Direct air transportation to Hartford, CT is available from most major cities in the United States and international locations, and proximate to all major New York airports.

Applicable Legislation

Regulatory Agency
Connecticut Insurance Department.

REGULATORY ISSUES

Acceptable Licensed Entity Types
Pure captives, association captives, industrial insured captives, and risk retention groups.

Acceptable Organizational Forms
Stock, member-managed limited liability company, mutual, non-profit, and reciprocal.

Permitted Business
All commercial lines and most fronted personal lines.

Direct Insurance Permitted
Related and "controlled unaffiliated business" as per statute.

Reinsurance Permitted
Related reinsurance permitted as well as "controlled" unrelated risk on a fronted reinsurance basis.

Policy Form and Rate Approval
Not required.

Local Office Requirement
Principal place of business.
One board of directors meeting held annually in Connecticut.
One resident director in Connecticut.
CAPITALIZATION & SOLVENCY REQUIREMENTS

<table>
<thead>
<tr>
<th>Entity</th>
<th>Minimum Capital and Surplus (Cash or Letter of Credit)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pure Captive</td>
<td>US$250,000</td>
</tr>
<tr>
<td>Industrial Insured</td>
<td>$500,000</td>
</tr>
<tr>
<td>Association Captive</td>
<td>$750,000</td>
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<tr>
<td>Risk Retention Group</td>
<td>$1,000,000</td>
</tr>
</tbody>
</table>

**Premium Taxes — Tax on Direct Premiums**

- 0.380% on first US$20 million.
- 0.285% on next $20 million.
- 0.190% on next $20 million.
- 0.072% thereafter.

Premium taxes are subject to a minimum of $7,500 per year and a maximum of $200,000 per year.

**Investment Restrictions**

No investment restrictions, except to the extent that such investment would threaten the solvency or liquidity of the captive. Dividends require Regulator approval.

**Taxation**

Income generated by the captive will be subject to the federal tax rate of the captive parent (assuming the parent is US-based). Captive insurers are not subject to Connecticut state income tax and are excluded from Connecticut’s state income tax calculations.