



‘Strong and unified’ response expected to Kreidler’s captive plan

The Washington insurance commissioner’s plan to manage captive insurers operating in the state poses “several problems” for the industry, according to state of Vermont’s Ian Davis.

Earlier this week, *Captive Review* [revealed](#) that Washington State insurance commissioner Mike Kreidler was rolling out plans to encourage captives to self-report, offering in return a reduction of fees, fines and interest on back taxes and penalties. He also promised to look back at the previous 10 to 15 years depending on when and if the captive succumbs to the new guidelines.

Davis said that he expects a “strong and unified” response from the industry.

“We are closely monitoring the situation and will continue to support the VCIA and our captive insurance partners in their efforts to protect the industry,” he added.

Kreidler’s plan has been described as a “huge concern” by industry players, and associations are now deciding how to respond to the move.

The commissioner’s move is widely believed to have come in response to Microsoft’s captive subsidiary Cypress Insurance settlement with the Washington Office of the Insurance Commissioner (OIC) following claims it was writing business in the state without a certificate of authority or a surplus lines license.

Cypress subsequently paid the state \$573,905 in unpaid premium taxes and \$302,915 in interest and penalties.

“The legal arguments put forth by Microsoft were strong for why this tax should not apply to them. Microsoft settled, and unfortunately, I think that may have emboldened the insurance commissioner. However, it does not mean that other captives will choose to pay just because Microsoft did,” said Dan Towle, president of the Captive Insurance Companies Association (CICA).

“We are having many conversations with affected captives and association partners. We are exploring all of our options in how best to respond in support of our member and the industry,” he added.