

Newly Passed North Carolina Law Aims to Bring in More Captive Insurance Companies, Risk-Retention Groups

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North Carolina lawmakers recently passed a new bill to make the state more appealing to captive insurance companies and risk-retention groups. [Senate Bill 319](#), which passed with unanimous support and was supported by the North Carolina Captive Insurance Association, was signed into law by Gov. Roy Cooper on July 2, 2024 and immediately went into effect.

The new law provides relief from the “retaliatory tax” regime by reducing the tax rate for RRGs not chartered in North Carolina from 5% to 1.85%. Furthermore, the bill provides the state insurance commissioner with the authority to perform financial examinations of RRGs domiciled in North Carolina and to charge the examined group for these costs.

The new law also extends the two-year exemption from the gross-premiums tax for out-of-state captive insurers that decide to relocate or establish their domicile within the state. Prior to the revision of the statute, a captive relocating to North Carolina needed to redomesticate on or before December 31, 2022 to receive the exemption. The new law makes the full exemption available to captives redomesticating in 2023 or 2024.

North Carolina already is [one of the nation’s leading domiciles](#) for captive insurance companies. Ten years following the passage of the state’s Captive Insurance Act, North Carolina now is home to 311 captive entities, according to the N.C. Department of Insurance. That trails only Vermont (659 captives) and Utah (439 captives) among domestic domiciles.

This development is highly favorable for captives and RRGs and gives captive owners another reason to consider North Carolina as their domicile of choice.

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