

Texas Two Step Eliminated by New Texas Captive Law



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With the signature of Governor Greg Abbott, the new Texas captive law became effective on June 18, 2017.

One significant change the law introduces is the elimination of the cumbersome process of securing the formation or re-domestication of a captive by the Texas Secretary of State and the Texas Department of Insurance, not so affectionately known as the Texas Two Step.

Now instead of the Department of Insurance reviewing and approving a captive application before the filing of formation or conversion documents with the Secretary of State, captive owners can file with the Secretary of State in advance of filing with the Department of Insurance. The new procedure should significantly shorten the approval process since the captive will be fully formed and ready to do business when the Department of Insurance approves the application.

The Department of Insurance has been creative and cooperative in finding solutions to this problem but will no doubt enjoy the elimination of the additional work and delay resulting from the prior practice.

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