

Vermont's Latest Captive Bill Signed Into Law

Vermont Gov. Peter Shumlin has signed new legislation, H-538, that allows sponsored or industrial insured captives that are inactive to enter a dormant status.

This status would allow such types of captives to be exempted from premium taxes but stay in the state, so that they can resume operations when needed. Previously, only pure captive insurers were eligible to enter a dormant status.

The new law also allows protected cells to move to a different sponsored captive or be converted into either an incorporated cell or a separate captive. Officials said the new changes will make it easier for an existing cell company to convert to a standalone captive and allow for cells to move more easily to another captive arrangement.

The law became effective upon the governor's signature on April 13.

"These improvements in Vermont's law may seem technical, but taken as a whole they reinforce Vermont's standing as the 'Gold Standard' for domiciles and will provide greater flexibility and clarity going forward for our companies," Shumlin said.

"We're proud of our continued support by the governor and the legislature in keeping pace with the changing needs of the industry," said Dan Towle, director of Financial Services for Vermont. "The modification to ease the process for converting a cell into a standalone captive is a welcome addition."

"The legislation makes Vermont more attractive and sends a strong message to the industry that we are committed to always improving our captive insurance law," said David Provost, deputy commissioner of Captive Insurance.

Captive insurance has been a part of the Vermont insurance industry since 1981, when Vermont passed the Special Insurer Act. Vermont is the largest captive insurance domicile in the U.S. and the third-largest in the world.