

## Vermont wins top US domicile for captive insurance for fourth year

**Source: Vermont Captive, Agency of Commerce and Community Development**

The State of Vermont has again been awarded the top US Domicile for “Vermont’s inability to stand still and its continued desire to lead the captive industry.” This is the fourth year that the State of Vermont has been honored with this award, which was presented by Captive Review Magazine during the US Captive Services Awards held on August 8 in Burlington, Vermont. Judges commented that “despite Vermont being one of the most mature domiciles in the world, its net captive formation numbers remain positive while premium and asset under management figures are the largest in the world.” The award describes Vermont as “investing in its captive and RRG examination team as well as the solid commitment demonstrated by state government in the annual update of captive legislation.”



“Our captive professionals in Vermont are the best in the business and this award is not only a reflection of them, but also of the quality companies that choose to domicile in Vermont,” said Vermont Governor Peter Shumlin.

“We work very hard in Vermont to keep our reputation as ‘the gold standard’ of domiciles,” said Dan Towle, Director of Financial Services for Vermont (link is external). “We are proud to be a four-time winner of the Top US Domicile.”

The State of Vermont continues to lead the captive insurance industry in the number of Risk Retention Groups (RRG). Vermont’s RRG’s make up over 60% of all RRG gross premium written, more than five times the next largest domicile. Overall gross written premium for all of Vermont’s captives exceeded \$27.6 billion.

“We have never rested on our laurels in the quest to better operations and increase efficiency through firm, yet flexible regulation,” said David Provost (link is external). “This top U.S. Domicile for Captive Insurance award is a reflection of that commitment.”



Dan Towle, Director of Financial Services for Vermont, left, and Richard Cutcher, Editor in Chief of Captive Review Magazine.

Vermont has continued to improve upon its industry leading legislation. This year was no exception, with new captive insurance legislation (link is external) being passed in the 2016 session to strengthen a variety of areas including; refining governance standards, expanding dormancy and allowing for cells to be transferred, sold, assigned or converted to stand alone captives without affecting the rights or obligations of the cell.

Vermont is off to a strong start to captive licenses in 2016 with 11 new captives. The newly licensed captives include six Pure, three Risk Retention Groups, and two Special Purpose Financial Insurers. Four of the new captives are in manufacturing, two are in the healthcare sector and two are in the insurance sector.

Captive insurance is a regulated form of self insurance that has existed since the 1960’s, and has been a part of the Vermont insurance industry since 1981, when Vermont passed the Special Insurer Act. Captive insurance companies are formed by companies or groups of companies as a form of alternative insurance to better manage their own risk. Captives are typically used for corporate lines of insurance such as property, general liability, products liability, or professional liability. Growth sectors of the captive insurance industry include professional medical malpractice coverage for doctors and hospitals, and the continued trend of small and mid-sized companies forming captive insurance companies.