

Vermont celebrates 35th anniversary of captive insurance legislation

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Vermont Business Magazine Over the last 35 years, Vermont has grown to become known as the 'Gold Standard' of domiciles in the Captive Insurance industry and is held up as the model of sound regulation by other domiciles. This month marks the 35th anniversary of Vermont's captive insurance legislation signed into law by Governor Richard Snelling. In 1981, Snelling's vision was to create a premiere captive insurance environment that would rival offshore competitors and to create economic opportunities for Vermonters.

That vision has been continued by each successive Governor in Vermont, "We have always tried to improve upon ourselves and have never rested on our laurels," said Vermont Governor Peter Shumlin (link is external). "We are very proud of Vermont being the top U.S. Domicile and look forward to our continued success over the next thirty-five years and beyond."

The unwavering consistency, along with expertise, infrastructure and innovation has kept the State of Vermont ahead of the curve. To date, Vermont has 1,071 licensed captives with 589 currently active making it the largest captive insurance domicile in the U.S. and the third largest in the world. Vermont captives wrote more than \$27.5 billion in gross written premium in 2015. Today, 48 of the Fortune 100 and 18 of the Dow 30 have Vermont domiciled captives.

"The captive industry infrastructure that's developed in Vermont over the past 35 years—the regulators, managers, accountants, auditors, attorneys, investment professionals, and others, as well as the Vermont Captive Insurance Association—is what has helped make our State the 'Gold Standard' of domiciles," said Vermont's Director of Financial Services, Dan Towle (link is external). "Our infrastructure is second to none and has always been one of our greatest strengths."

Vermont's dedicated Captive Insurance Division and the regulatory experience is also a key component to the state's success for over three decades. "Regulatory discipline with an emphasis on companies with sound business plans has been a tradition in Vermont that has served us well. Vermont's first regulator, the late Ed Meehan, set the foundation for our regulatory excellence that was followed by Len Crouse and myself for the past 35 years," said David Provost (link is external), Deputy Commissioner of Captive Insurance. "That legacy of sound regulatory oversight continues to be the standard we follow in Vermont."

A more in-depth look at Vermont Captive's 35-year history is available to read online (link is external). 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, coverage for cyber insurance and the continued trend of small and mid-sized companies forming captive insurance companies.