

Vermont Captive Insurance Association

Richard Smith, President

January 24, 2018

The Vermont Captive Insurance Association (VCIA) was formed by a group of captive owners and managers in 1985 and incorporated as a 501(c) (6) tax-exempt trade association to promote the general welfare of the captive insurance industry in Vermont.

The VCIA serves as a liaison between its members and representatives of the Vermont Departments of Financial Regulation, and Economic Development; the Vermont General Assembly; and Vermont's Congressional delegation.

Additionally, the VCIA maintains strong communications and strategic relationships with other domiciles and related trade associations on issues of importance to the captive industry. Nationally recognized as the leading captive association in the U.S., the VCIA is uniquely positioned to address new challenges and opportunities to the captive industry not only in Vermont but throughout the country.

Vision: *VCIA strives to be the premier captive insurance association in the world.*

Mission: *VCIA will provide members with legislative leadership, education, opportunities for information-sharing and a network of mutual support with others who share objectives in order to ensure an environment favorable to the continued growth and health of the captive industry and the Vermont captive community.*

Vermont Captive Insurance Association
BOARD ROSTER
2017 - 2018

Steven Bauman (2018 – 2nd term)

XL Catlin
200 Liberty St., 21st Floor
New York, NY 10281
(212) 915-6576
steven.bauman@xlcatlin.com

Donna Blair (2020 – 1st term)

Trevor Stewart Burton & Jacobsen Inc.
405 Lexington Avenue 39th Floor
New York, NY 10174
(212) 972-8151
dblair@tsbjinc.com

Robert Gagliardi (2019 – 2nd term)

Secretary
AIG Insurance Management Services
30 Main Street, Suite 330
Burlington, VT 05401
(802) 419-1234
robert.gagliardi@aig.com

Michael Horning (2019 – 2nd term)

United Educators Insurance, a RRRG
7700 Wisconsin Avenue #500
Bethesda, MD 20814
(301) 215-8460
mhorning@ue.org

Janice (Jan) Klodowski (2018 – 1st term)

Chair
Agrisurance Inc.
c/o Agri-Services Agency
5001 Brittonfield Parkway
East Syracuse, NY 13066
(315) 433-1238 (5605)
jan.klodowski@agri-servicesagency.com

Heather McClure (2019 – 2nd term)

Academic Physicians Insurance Company
c/o OU Office of Professional Liability,
Patient Safety & Risk Management
940 NE 13th Street, #CH-3N-3880
Oklahoma City, OK 73104
(405) 271-1800
heather-mcclure@ouhsc.edu

William Motherway (2018 – 2nd term)

Conner Strong & Buckelew/New York, LLC
200 Broadway, 3rd Floor
New York, NY 10038
(646) 968-6291
bmotherway@connerstrong.com

Maureen Raeside (2018 – 1st term)

Marsh Captive Solutions
100 Bank St #610
Burlington, VT 05401
(802) 654-5008
maureen.raeside@marsh.com

Wilda Seymour (2019 – 1st term)

Vice Chair
Franklin Casualty Insurance Company RRG
c/o Univ. of Pennsylvania Hospital System
Office of Professional Liability/Corp. Fin.
1500 Market Street, 8th Floor
Philadelphia, PA 19104
(267) 414-2229
wilda.seymour@uphs.upenn.edu

Dennis Silvia (2020 – 1st term)

Treasurer
Cedar Consulting LLC
18860 Geauga Lake Road
Chagrin Falls, OH 44023
(440) 264-9992
dennis.silvia@cedarconsulting.net

Anne Marie Towle (2020 – 1st term)

JLT Insurance Management
1105 Yellowwood Circle
Noblesville, IN 46062
(317) 922-4390
AnneMarie_Towle@jltimusa.com



Captive Insurance Legislative Accomplishments

The captive bill (Act 12) was signed into law by Governor Phil Scott on May 1, 2017. Other changes to captive statutes were passed in the annual miscellaneous tax bill and housing bill. Below are highlights of the changes:

Accounting Principles. The new law now allows the three bases of accounting commonly used by Vermont captives: US GAAP, NAIC Statutory Accounting Principles (SAP), and International Financial Reporting Standards (IFRS), with any other basis may be used with permission.

Premium Taxes. This section was passed in the Miscellaneous Tax Bill. It changed the \$7,500 first year credit to a \$5,000 credit in each of the captive's first two years. The intent of reducing the tax burden in the early years of the captive's life is to keep Vermont comparable in cost to other domiciles with low (or no) taxes, at least for the first few years; after that, we count on our quality environment to demonstrate that our higher tax is justified.

Agency Captives. The new law will allow the licensing of agency captives in Vermont. An agency captive is a reinsurance company controlled by an insurance agency or brokerage. Agency captives creates a long-term relationship between the agency and the insured, and creates incentive for the agency to place business with the insurer.

Dormant Captives. The law opens up dormant captive status to ALL captive types in Vermont. The legislature passed provisions allowing captives to enter a dormant status in 2014.

Incorporated Protected Cells Naming Conventions. The new law lets the captive statute determine the naming convention. The inclusion of "Incorporated cell" or "IC" in the name of each incorporated cell is sufficient to identify the business entity.

Risk Retention Group Governance Standards. The new law provides for relief from partner rotation requirements under the same circumstances and with the same considerations as other current captive and traditional insurance regulations require, to eliminate conflicting provisions in statute and regulation.

Affordable Housing Tax Credit. Language was passed in a housing bill added captive insurers as a listed group that can take advantage of a tax credit that supports affordable housing.

A complete copy of the bill as passed with amendments can be found at:

www.vermontcaptive.com/laws-regulations/laws.

180 Battery Street | Burlington, Vermont 05401-5212
phone: 802-658-8242 | fax: 802-658-9365 | e-mail: vcia@vcia.com

For more information:

Richard Smith, President
Vermont Captive Insurance Association
(802) 658-8242
smith@vcia.com

Sandy Bigglestone, Director,
Captive Division,
Vermont Department of
Financial Regulation
(802) 828-3304
sandy.bigglestone@vermont.gov

David Provost, Deputy Commissioner,
Captive Division, Vermont Department
of Financial Regulation
(802) 828-3304
david.provost@vermont.gov

Ian Davis, Director, Financial Services,
Vermont Agency of Commerce &
Community Development
(802) 828-5232
ian.davis@vermont.gov

2017 Captive Snapshot

Vermont is the leader in the U.S. Captive Insurance Industry

45 of the Fortune 100 and 15 of the Dow 30 have captive insurance companies domiciled in Vermont. Nearly 40 states now have laws allowing the formation of captive insurance companies. With nearly 600 of the world's 7,000+ active captives, Vermont ranks as the world's third largest domicile in number of active licensed captives. Vermont's total number of captive licenses issued is 1,112.

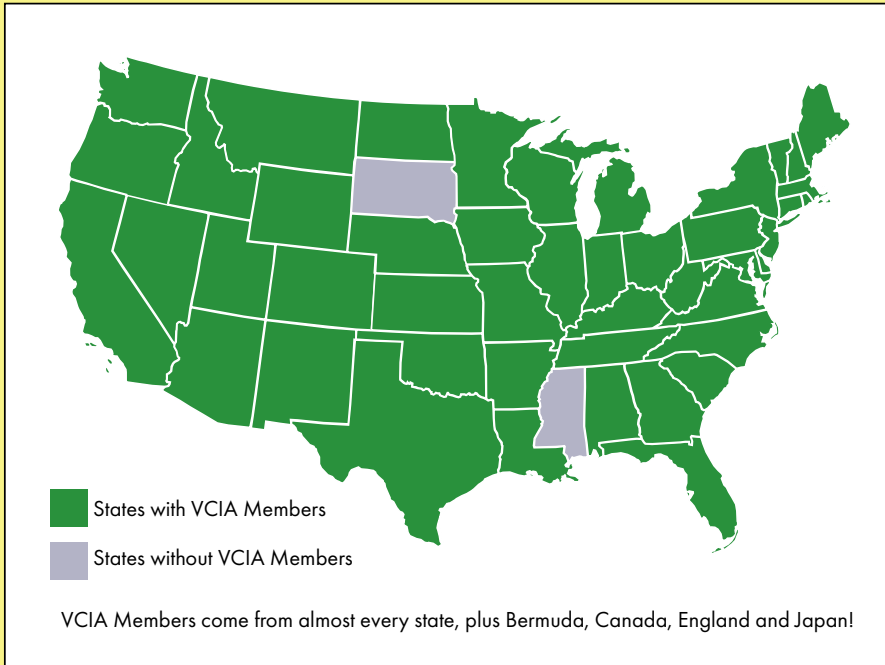
Why form a captive?

- Control cost
- Reduce or eliminate losses by implementing effective loss control programs and cooperating with claims administration
- Retain investment income
- Provide evidence of insurance and access to reinsurers

What makes Vermont the best?

- Vermont's infrastructure for captive insurance is one of the most sophisticated and mature in the world
- Experienced & knowledgeable regulatory team
- Responsive legislation and consistent regulatory environment
- Cooperation among Governor, legislators, regulators, VCIA and industry

VCIA Membership:

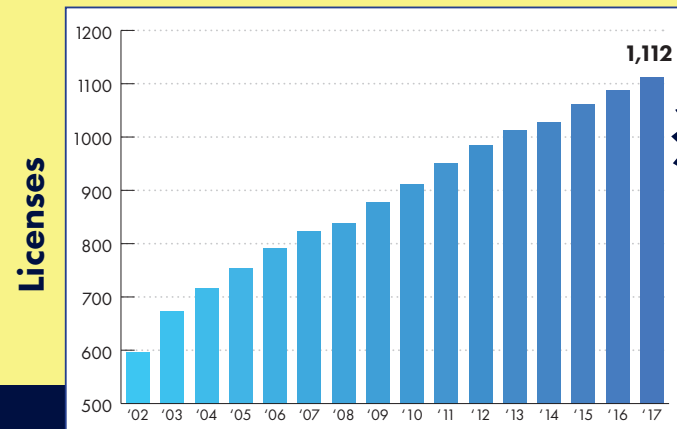


Vermont
CAPTIVE INSURANCE
ASSOCIATION

180 Battery Street, Suite 200, Burlington, Vermont 05401

www.vcia.com

Captive Licenses Issued in Vermont



Vermont
licensed
24 new
captives in
2017

What is captive insurance?

Captive Insurance is a highly specialized form of self insurance. To insure a variety of risks, companies or groups of companies establish their own licensed, regulated insurance companies. There are currently over 7,000 active captives worldwide. As of this printing, Vermont has licensed 1,112 captives. Vermont's captive owners represent a wide range of industries including multi-national corporations, associations, banks, municipalities, transportation and airline companies, power producers, public housing authorities, higher education institutions, healthcare, telecommunications suppliers, shipping companies, insurance companies and manufacturers.

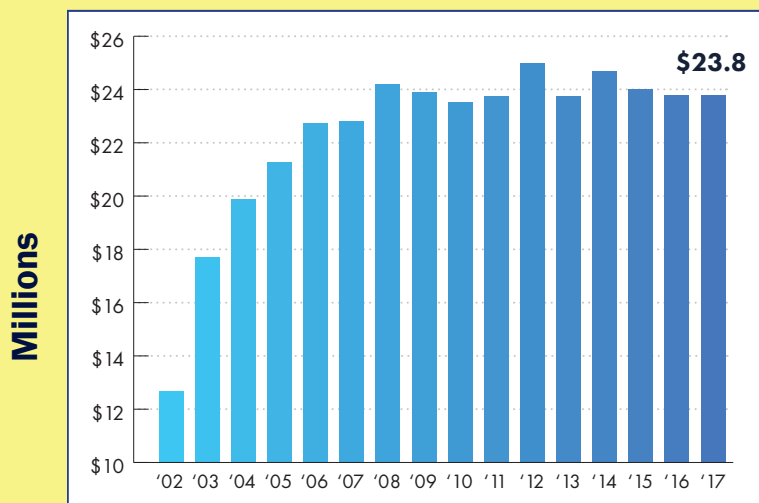
Captive vs. traditional insurance regulation

Commercial insurance companies sell insurance to the general public and are licensed in all states in which they do business. But captive insurance companies insure only their owners who have the ability to manage and retain their own risk. The degree of regulatory oversight required for captives is different than that required for commercial insurers. The captive is licensed in only one state, and operates under the captive insurance law of that state.

Economic impact on Vermont

The captive industry is great for Vermont. In 2017, the Vermont captive industry is estimated to have generated \$23.8 million of premium tax benefits and related fees for Vermont. At last count, more than 1,400 direct and indirect jobs, were created by the captive industry in Vermont.

Captive Premium Taxes Collected



Vermont Captive Insurance Association

VCIA is the largest trade association for captive insurance in the world. Established in 1985, the Association provides lobbying support on both the state and federal levels for its over 400 member companies. In addition, it hosts professional education opportunities for the industry at large. VCIA has a national reputation of being a highly effective and well-respected trade association. Our office is located in Burlington, Vermont. We have a staff of 7 people and are governed by a Board of Directors composed of industry professionals.

Our Mission

VCIA will provide members with legislative support, education, opportunities for information-sharing and a network of mutual support with others who share objectives in order to ensure an environment favorable to the continued growth and health of the captive industry and the Vermont captive community.

Our Vision

VCIA strives to be the premier captive insurance association in the world.

1000+ people attended VCIA's 2017 Annual Conference in August

100 companies exhibit at the VCIA Annual Conference

1900 captive professionals participate in VCIA events annually per year

VCIA presents **12** industry events every year

431 organizations are VCIA members

130 volunteers from **78** companies lend their expertise on VCIA committees

