

**\*\*IMPORTANT - NO CHANGES TO THE PRIOR YEAR TEMPLATE  
Please roll forward accordingly.  
All updates noted in 'RED'**

## **VERMONT CAPTIVE ANNUAL REPORT (VCAR) GENERAL INSTRUCTIONS**

**NOTE: The Vermont Captive Annual Report (VCAR) Instructions are an important part for the preparation of this filing. The Instructions have been updated to include more details in order to try and avoid commonly made mistakes. PLEASE READ.**

### **Who Files and Form Types**

The Vermont Captive Annual Report (VCAR) Form is a Vermont domestic specific form and intended to be used by all Vermont licensed captive insurance companies that are not filing the NAIC Annual Statement.

**\*\*IMPORTANT\*\*:** *Further to our Captive Memo #2019-07 distribution, VCAR Forms are now available on our web site and upon request.* VCAR Forms are in Excel 97-2003 Workbook (\*.xls) format and when open SECURITY WARNING▲ Some active content has been disabled. Click for more details. – Click  and  Trusted Document.

1. **VCAR Long Form** – To be used by all 12/31 year-end captives and by fiscal year-end captives at time of their year-end. Excel file name = [VCAR Long Form-v2018]
2. **VCAR Short Form** – To be used by all fiscal year-end captives to file required 12/31 reporting, dormant captives, and those with prior approval. Excel file name = [VCAR Short Form-v2018]
3. **VCAR Supplemental Form** – To be used for required separate reporting by captives filing supplemental insurance subsidiaries or cells by contract. Excel file name = [VCAR Supplemental Form-v2018]
4. **VCAR Incorporated Protected Cell Form** - To be used for required separate reporting by incorporated protected cells (IPC) of sponsored captives. Excel file name = [VCAR Incorporated Protected Cell Form-v2018]

## Basis and by Type Specifics

**Basis of Accounting:** The VCAR shall be reported based on generally accepted accounting principles (GAAP), statutory accounting principles (NAIC SAP) or international financial reporting standards (IFRS) unless the commissioner requires, approves, or accepts the use of any other comprehensive basis of accounting (*Title 8 V.S.A. Chapter 141; Section 6007 (b)*).

**Protected Cell (Sponsored) Captives** - *Title 8 V.S.A. Chapter 141; Section 6034 (7)* – Sponsored captives must submit a full VCAR that includes the sponsored cell(s) as well as a separate balance sheet (**Page 2**), income statement (**Page 3**), premium schedule (**Page 5**), and reinsurance ceded and assumed (**Pages 6a and b**), for each cell. Use **VCAR Long Form for Sponsor/Core** and **VCAR Incorporated Protected Cell Form** for Cells that are incorporated. **NOTE: For Cells by contract, please use VCAR Supplemental Form.**

**Captives with Separate Accounts** – Captives with separate accounts must submit a full VCAR that includes the separate account(s) as well as a separate balance sheet (**Page 2**) and income statement (**Page 3**) for each separate account, premium schedule (**Page 5**), and reinsurance ceded and assumed (**Pages 6a and b**), for each cell. Use **VCAR Long Form for consolidated and VCAR Supplemental Form** for each separate account.

**Captives with Insurance Subsidiaries** – Captives with insurance subsidiaries must submit a full VCAR on a consolidated basis in accordance with *8 VSA, Section 6007*, which will agree to the audited financial statements. In addition, Captives must file supplemental **Pages 2, 3, 5, and 6** for the Vermont operations only. The Captive must file a copy of the insurance subsidiary's annual statement, as filed with the state of domicile. Use **VCAR Long Form for consolidated and VCAR Supplemental Form** to file for each insurance subsidiary.

**Dormant Captives** – Captives who hold a Certificate of Dormancy must submit the **VCAR Short Form**.

## When and What to Submit

The 12/31 VCAR filing is due on or before March 15 or 75 days after calendar year-end (Title 8 V.S.A. Chapter 141; Section 6007 (b) and (c)) and must include the following:

1. Applicable full current VCAR Form must be filed in *unsecured* PDF format, legal size pages. Note: Jurat page must be signed by a minimum of two executive officers and notarized. (Exception: Not required for IPC or Supplemental Forms).
2. VCAR Form must also be filed in EXCEL format, which agrees to PDF as submitted.
3. PDF Copy of executed Vermont Captive Insurance Tax Return (with applicable support) as filed with Vermont Department of Taxes via [www.myVTax.vermont.gov](http://www.myVTax.vermont.gov) (Note: any discrepancies to VCAR **Page 5** MUST be noted in footnote same page and please file copy of amended tax returns as occurs).

**For Fiscal year-end companies, the VCAR is due 75 days after fiscal year-end:**

1. Applicable full current VCAR Form must be filed in unsecured PDF format, legal size pages. Note: Jurat page must be signed by a minimum of two executive officers and notarized. (Exception: Not required for IPC or Supplemental Forms).
2. No Excel format is required nor a copy of Vermont Captive Insurance Tax Return, only at 12/31.

## Where

**Submit via Email to:** [DFR.CaptiveFinancialFilings@vermont.gov](mailto:DFR.CaptiveFinancialFilings@vermont.gov)

### Note:

- Please include Vermont Captive License # and full Captive Name on Email SUBJECT line.
- The signed and notarized Jurat must be included in the PDF file, not submitted separately. (Exception: Not required for IPC or Supplemental Forms)
- Cover letters are not required unless you have comments or additional details about the filing, and if you are filing a cover letter it must be part of the PDF and not a separate document.

Additional filing requirements as well as *Title 8 V.S.A. Chapter 141* and *Regulation C-81-2* can be found on the DFR's website at:

<https://dfr.vermont.gov/industry/captive-insurance>

## Helpful tips and Common Mistakes to Avoid

Printing the form: To print the entire form (either in hard copy, or in pdf version) go to your print menu and under settings select “Print Entire Workbook”. This should capture all pages of the filing and enable you to save or print one document to PDF format, as required for submission.

Protected workbook cells: There are password protected (locked) cells in almost every tab of the form. These cells are locked (and grayed out) because they contain formulas or because they are pulling from another source within the workbook, to protect against manual entry impacting formulas and/or linked cells. Please note that *no sheets should be added to the VCAR as the format correlates directly to our importing, unless prior arrangements made with DFR directly.*

### Please Remember to:

- Properly roll forward and enter “**Prior**” Year Comparative Financial Information per line descriptions, which in some cases have been re-ordered or expanded. Note: “Prior” should be based on final Audit results of respective period.
- Properly “Select” **Company Type** on JURAT page as determines minimum capitalization.
- Enter in Data Entry Tables located on the JURAT Page beginning (*Line 9, Columns K-L*) for **Year End, License #, and Licensed Company Name**, as links to all pages.
- Please Allocate reporting by specific **Lines of Business (LOB), Pages 5, 7 and 8.**
- Complete all **Footnotes and Explanations – Pages 2 Cont., 4, 4 Cont., 5, 6a, 6b, and 9.**
- Carefully read and respond to all **Questions on Page 4/4 Cont.**, and provide explanations for any discrepancies, as required.
- On **Pages 6a/6b**, include full legal reinsurer name, domiciliary jurisdiction and corresponding AM Best # (not the actual rating) and NAIC Company Codes, to assist with our reinsurer credit worthiness review process. **Note the protection for both sheets has been updated to allow “insert rows” as needed or if there are not enough lines in your existing template to report reinsurers, please forward the template to [DFR.CaptiveFinancialFilings@vermont.gov](mailto:DFR.CaptiveFinancialFilings@vermont.gov) advising how many lines are needed. We will add lines to the secured file and promptly return it to you.**
- Include PDF copy of Vermont Premium Tax Return as filed, with all required support (such as pooling manager statement and housing tax credit support). Also, if amended tax returns are filed please submit a copy. **Note: For DORMANT status captive,**

Premium Tax Return (\$0 due) and VCAR (use **VCAR Short Form**) still must be filed.

- Include VCAR in EXCEL format. Note: PDF and EXCEL versions should be the same.
- Please do NOT insert additional sheets in VCAR, as impacts our import process, unless prior arrangements made with DFR directly.
- If Separate reporting, complete VCAR Supplemental Form (**Pages 2, 3, 5 and 6**) for each account.
- For Incorporated Protected Cells, complete **VCAR Incorporated Protected Cell Form** for each cell.

Additional filing requirements can be found on the Department's website by captive type at: <https://dfr.vermont.gov/industry/captive-insurance>

## March 15

**Vermont Captive Insurance Tax Return (on Form CPT)** is due annually on or before March 15<sup>th</sup> (this year falls on March 16<sup>th</sup>) filed directly with Vermont Department of Taxes via [www.myVTax.vermont.gov](http://www.myVTax.vermont.gov). A premium tax is imposed on captive insurance companies licensed by the Commissioner, Vermont Department of Financial Regulation under *Title 8 V.S.A. Chapter 141; Section 6014*. ***\*\*IMPORTANT\*\****: It is recommended that USERS try their access by early February annually, to ensure no issues. If changes in captive management or USERS, new Access may need to be applied for, to be done no later than February 25, to receive the VT Department of Taxation Access Code letter mailed to the registered address [immediate online access via e-mail is NOT available]. We also recommend that do not wait to file on the due date, in the event of any unforeseen issues, as late filings are subject to interest and penalties under the authority of the VT Department of Taxation.

## April 1

**License Renewal Fees** are due annually on April 1<sup>st</sup> and may be paid by Check or Wire to *People's United Bank* (per Memo #2018-01). Please include Vermont Captive License # and Captive name with payment.

## June 30 (or 180 days after fiscal year-end)

**Audited Financial Statements (including Report for Evaluation of Internal Controls, Accountant's Letter of Qualifications, Certification of Review of Audit Work Papers) and Statement of Actuarial Opinion** are due June 30 or 180 days after fiscal year-end. Unless prior waiver or extension approval has been granted.

## Upon Issuance

- **Parent Company Reports**

Due to be filed upon issuance on an annual basis. **\*\*IMPORTANT:** All non-US dollar reporting must include a conversion of balance sheet to US dollar.

- **Approved Reinsurer Financial Statements**

Due to be filed upon issuance on an annual basis.

## Help Contact Information

- For VCAR filing questions – Contact:
    - Becky Aitchison ([Becky.Aitchison@vermont.gov](mailto:Becky.Aitchison@vermont.gov)) (802) 828-4862
    - Jodi Roy ([Jodi.Roy@Vermont.gov](mailto:Jodi.Roy@Vermont.gov)) (802) 828-5334.
  - Vermont Department of Financial Regulation | 89 Main St. | Montpelier, VT 05620-3301
    - [web site] <https://dfr.vermont.gov/industry/captive-insurance>
    - [captive requests] [DFR.CaptiveMail@vermont.gov](mailto:DFR.CaptiveMail@vermont.gov)
    - [captive filings] [DFR.CaptiveFinancialFilings@vermont.gov](mailto:DFR.CaptiveFinancialFilings@vermont.gov)
-

## **GENERAL FINANCIAL STATEMENT INSTRUCTIONS (Page by Page)- VCAR LONG FORM**

### **JURAT**

***JURAT must be completed in its entirety, verified by oath of a minimum of two (2) of its executive officers and notarized.***

- Input “1” in the Data Entry Table for Current Year (Rows 9-12, Column L)
- Enter in the Data Entry Table for 4-digit Vermont License # (Row 14, Column K) and Licensed Company Name (Row 15, Column K)
- The Vermont Office is the captive’s principal place of business.
- The Main Administrative Office is the location of the books and records, and in most cases is the same as the Vermont Office.
- The Contact Person (including phone number and Email) should be the person that filled out the VCAR form that can respond to possible questions posed by a DFR analyst/examiner.
- Select “Company Type” – (Pure, Association, Industrial Insured, Branch, Agency, Sponsored, Risk Retention Group, Special Purpose Financial Insurance Company, Affiliated Reinsurance Company) from drop-down list (Row 18, Column E). *The proper Company Type is needed to correspond to Page 4, Question #23, required minimum capitalization.*
- Input the elected Vermont Resident Director (Row 33, Column B). (Note: ***Vermont Resident Director Biographical Affidavit Form*** (new per Memo #2018/2) should be on file with DFR or if confirmation provided to use most current filed Bio).
- Any new officers or directors elected during the year must have a ‘#’ sign next to their name. (Note: *The department must be notified of any new officer or director elections and a biographical affidavit must be submitted*).
- Note: The Form Type “VCAR Long Form – 2018” prints as Footer to identify.

### **(2) BALANCE SHEET**

All items must be reported based on GAAP, NAIC SAP, or IFRS as noted above, unless otherwise approved by the Department. (Title 8 V.S.A. Chapter 141; Section 6007 (b))

## ASSETS

**Line 1 - Cash and Investments** – Includes bonds, stocks, cash and cash equivalents, and short-term investments. **LOCKED CELLS** - Amounts pull in directly from the Cash and Investment Schedule on **Page 2 cont.**

**Line 2 a) – b) - Other Invested Assets** – Write-in any invested asset not detailed in Line 1. **LOCKED CELLS** - Amounts pull directly from the Cash and Investment Schedule on **Page 2 cont.**, but a description of the asset must be entered within 2a and 2b.

**Line 5 - Loans to Parent and/or Affiliates** – *Note: Company must have prior written approval for loans to the Parent company or affiliates.*

**Lines 6 and 7 - Reinsurance Recoverable on Paid and Unpaid** – Unpaid losses (line 6) **LOCKED CELLS** pulls directly from **Page 7**. The total of these two items should reconcile to the amounts listed on **Page 6**.

**Line 9 – Ceded Unearned** – **LOCKED CELL** pulls directly from **Page 6a**.

**Line 11 - Letters of Credit** – Include the value of any LOC's that have been issued as part of capitalization and are for the benefit of the Department. (*Title 8 V.S.A. Chapter 141; Section 6004 (c)*)

**Line 15 a) – d) – Other Assets** – provides for input of “other assets” and amount(s) as needed.

### Liabilities, Capital and Surplus:

**Line 17 - Loss and Loss Adjustment Expense Reserves:** Loss and LAE reserves are to be reported gross of ceded reinsurance. **LOCKED CELL** pulls directly from the amounts reported on **Page 7 UNPAID LOSS & LAE (Columns 1-3)**.

**Line 18 - Reinsurance Payable on Paid Losses & LAE** – Include amounts currently payable to fronting companies (i.e. losses & LAE payable on assumed policies).

**Line 19 - Insurance Deposit Liability** – Include the amount of liability related to insurance transactions accounted for using the deposit method.

**Line 27 - Dividends Payable** – *Note: All dividends must have prior Department approval.*



**Line 32 – Capital and Surplus d) & e) – *Note:*** Additional line added for further breakdown as needed for amounts held for SSA and surplus note.

### **(2 cont.) CASH AND INV SCHEDULE**

- The balances on this schedule link directly to **Page 2** (Column B, lines 8-16).
- This schedule breaks out investments by type.
- This can be filled out in summary. *Note:* Bank and/or Investment statements are not required as support and should not be filed with the VCAR.
- The schedule must specify the bank or financial institution, the type of account (checking, money market, CD, investment, etc.).
- For Footnote (a) –  Are the Minimum Capital Requirements met with Cash or Letter of Credit?
- If “No” to Footnote (a) - Any investment accounts, other than cash and cash equivalents or LOC, that are being used to satisfy the minimum capital requirement must be identified in lines provided.

### **(3) INCOME (and CAPITAL AND SURPLUS ACCOUNT)**

**Line 1 - Premiums Written** – “Current” year (Column 1) Direct Premiums Written, Assumed Premiums Written and Ceded Premiums Written are  and pull directly from the amounts reported on **Page 5**, less the deposit premium, and ceded premium pulls from **Page 6**, less the ceded deposit premium. (*Note:* Please make certain “Prior” year (Column 2) reporting is manually input accurately per descriptive lines).

**Line 5 - Other Insurance Income** – include income to the captive not related to premium or investments such as premium financing income, risk management charges, inspections, or other sources.

**Line 7- Net Loss and LAE Incurred** –  pulls directly from the amounts reported on **Page 8**.

**Line 10 - General and Administrative** – include expenses incurred by the captive for day to day operations that are not directly related to an insurance policy.

**Line 11- Total Underwriting Expenses** –  is the total of Net Loss and LAE Incurred + Subtotal: Other Underwriting Expenses.

**Line 13 - Investment Income-Net** – include investment income earned from all forms of investments net of investment management fees.

**Line 15 – Other Expenses** – to deduct for Other Expenses listed on this line, must enter as a negative number.

**Note: For items represented in Capital and Surplus Account changes Lines 20-28, specifically Capital returned and Dividends, require prior DFR approval.**

#### **(4) QUESTIONNAIRE (Q1-Q29)**

**Q1** – Provide the full name of the ultimate controlling company (for which financial statements are provided to the DFR) as of the balance sheet date reported. **Q1 a) and b)** request the affirmation that parent financials have been filed as required and the as of date. We understand that depending on the issuance date what is affirmed may relate to the prior year.

**Note:** Parent company reports are required to be filed annually when issued. Please note that this is still a common surveillance reach back to request, so if delayed in filing please provide status updates. If there will be or has been a change in ownership please submit Business Plan Change of effective date, details and organizational chart to [DFR.CaptiveMail@vermont.gov](mailto:DFR.CaptiveMail@vermont.gov).

**Q2 – Q4** – Provide the full name, address and any relevant contact information for the indicated entities related to the operations of the captive. **Q2 a) and 3 a)**  if a waiver has been requested.

**Q9** – This question is referring to both the “Net” per occurrence and aggregate changes.

**Q11 c)** – For separate accounts only – Enter total number of separate accounts

**Q11 d)** – For sponsored captives only – Enter total number of open and active cells (not dissolved)

**Q12** – For Captives with Insurance Subsidiaries, see General Instructions above - **Basis and by Type Specifics.**

**Q16** – Disclose if the captive is filing the VCAR in accordance with GAAP, NAIC SAP or IFRS as required in the Department regulations. If not, please describe. All deviations from GAAP, NAIC SAP or IFRS must have prior Department approval.

**Q18** – Disclose **Five-year Pro Forma** details. If not up-to-date or out of line, please affirm by what

date a compliant one will be filed. **Please note that this is still a common surveillance reach back to request, so if delayed in filing please provide status updates.**

**Q23** - This question contains automatic calculations **LOCKED CELLS** that is based on the Company Type selected on the Jurat for required unimpaired minimum capital.

**Q24 – Q29** – These questions contain automatic calculations **LOCKED CELLS** based on your completed VCAR financial results (2) BALANCE SHEET AND (3) INCOME. Any exceptions require an explanation.

**Note:** Net Loss to Surplus Ratio (previous VCAR Q27) has been removed.

### **(5) PREMIUMS**

- This schedule should disclose Direct (*Column 1*) and Assumed Written Premium (*Column 3*), including any premium accounted for under the deposit method. The amounts in (*Columns 1 and 3*) are brought directly to **Page 3**, less the amount reported in (*Columns 2 and 4*) as Deposit Premium. **Note: Please be as accurate as possible to allocate reported information by separate Line of Business (LOB) in accordance with issued policies, which should align to the business plan on file. Detailed LOB information assists for analyzing insurance market trends in the captive industry. For “All Other Lines” please list line descriptions beginning (Line 51, column A).**
- If reporting controlled unaffiliated premium see additional reference at: *Title 8 V.S.A. Chapter 141; Section 6002 (1) and Title 8 V.S.A. Chapter 141; Section 6001 (7)*
- Unrelated / Pooling relates to unrelated risks that don’t fall into the controlled unaffiliated category above, or for companies that have entered into pooling arrangements with reinsurance pools.
- The Department also requires, for financial reporting periods ending 12/31, that a PDF copy of the **Vermont Captive Insurance Tax Return – VT Form CPT 635 (including VT Schedules CPT 636-638, as applicable)**, and any required pool or credit/deduction support be filed with the VCAR. Footnote (a) **Select One**, affirms inclusion. Per **Footnote (c) - if the amount of premium on the return is different from that on Page 5, an explanation in the space provided is required. This is a common surveillance reach back when differences identified and not explained. Also, as a reminder please submit a copy if tax returns are amended.**

- Footnotes (b) - Enter the amount of premium tax paid [TOTAL TAX DUE per VT Form CPT-635 line 19].

### **(6a) REINSURANCE CEDED and (6b) REINSURANCE ASSUMED**

- These sheets should disclose the breakdown of amounts Ceded to and Assumed by approved Affiliated and Non-Affiliated Reinsurers(eds), including full name of reinsurers(eds) and domiciliary jurisdiction(s). *Note: Page 6a and Page 6b sheets should be used for filings, and while these sheets are protected, they are now set up to allow to insert rows for additional reporting as needed. If possible do not file as "see attached PDF", as information is needed in EXCEL format for DFR to effectively complete necessary sorts and credit worthiness reviews.*
- The amounts in these schedules are carried directly to **Page 2**, and (Column 5), for Assumed premium, should r e c o n c i l e to **Page 5**. ( Column 7) for Ceded Premium, less column G for Ceded Deposit Premium, is linked directly to **Page 3**.
- Any new Reinsurers from the prior filing must be approved by the DFR.
- **Full Legal Name of Reinsurer** (Column 1)– Please provide the full legal name of the reinsurer per the terms of the reinsurance contract (no abbreviations or shortened names). *I.e. ACE (not acceptable), as should be ACE AMERICAN INSURANCE COMPANY.*
- **Domiciliary Jurisdiction** (Column 2)– Please provide the Domiciliary Jurisdiction (U.S. State or non-U.S. Country) of each reinsurer listed. *I.e. For ACE AMERICAN INSURANCE COMPANY, the domicile is PA.*
- **AM Best Number** (Column 3)/ **NAIC Company Code** (Column 4)– Please provide the Company’s AM Best # and/or NAIC Co code as applicable. Numbers/Codes, if applicable, can be obtained through the following websites: [www.naic.org](http://www.naic.org) and [www.ambest.com](http://www.ambest.com). *Note: We are working to aggregate the codes to include in our approved reinsurance listings going forward. I.e. For ACE AMERICAN INSURANCE COMPANY, AM Best#: 002257 and NAIC #: 22667.*
- **Authorized Reinsurance** - In accordance with 8 V.S.A., Chapter 141, Section 6011(b) credit for reinsurance ceded is allowed when a captive has a contract for reinsurance with companies that are licensed, accredited or certified in Vermont per 8 V.S.A., Chapter 101, Section 3634a; or when a captive contracts for reinsurance with companies specifically approved by the Vermont DFR Captive Insurance Division. An Authorized Reinsurer is any reinsurance company meeting the requirements of this section of the law.
- **6a REINSURANCE CEDED** – If more than 10% of total surplus (Column 6) locked formulas have been added to assist with our analysis.

### (7) UNPAID LOSSES AND LAE

- This schedule should disclose the breakdown of Direct and Assumed reserves by Line of Business, ending with reserves net of reinsurance. Amounts disclosed in this section are carried directly to **Page 2** and should reconcile to **Page 8**.
- If reinsurance recoverable (*Column 4*) cannot be broken out by Line of Business, it can be entered in aggregate on line 51.

### (8) LOSSES AND LAE PAID AND INCURRED

- This schedule should disclose the breakdown of paid losses (*Columns 1-4*), current year reserves (*Column 5*), and the prior year reserves (*Column 6*) to calculate the net incurred losses by line of business. Amounts should reconcile to **Page 7** and some amounts are carried over to **Page 3**.
- If Reinsurance Recovered (*Column 3*) cannot be broken out by Line of Business, it can be entered in aggregate on line 53.

### (9) CROSSCHECK

- This Cross Check/Check Sheet is intended to help the preparer and the Department to identify potential errors in the preparation of the VCAR. Rounding errors can be disregarded.
- This page is required to be filed with the VCAR and any differences must be explained.

## **GENERAL FINANCIAL STATEMENT INSTRUCTIONS (Page by Page)- VCAR SHORT FORM**

### **JURAT**

*JURAT must be completed in its entirety, verified by oath of a minimum of two (2) of its executive officers and notarized.*

- Input “1” in the Data Entry Table for Current Year (Rows 9-12, Column L)
- Enter in the Data Entry Table for License # (Row 14, Column K) and Licensed Company Name (Row 15, Column K)
- The Vermont Office is the captive’s principal place of business.
- The Main Administrative Office is the location of the books and records, and in most cases is the same as the Vermont Office.
- The Contact Person (including phone number and Email) should be the person that filled out the VCAR form that can respond to possible questions posed by a DFR analyst/examiner.
- Select “Company Type” – (Pure, Association, Industrial Insured, Branch, Agency, Sponsored, Risk Retention Group) from drop-down list (Row 18, Column E). *The proper Company Type is needed to correspond to Page 4, Question #23, required minimum capitalization.*
- Input the elected Vermont Resident Director (Row 33, Column B). (Note: **Vermont Resident Director Biographical Affidavit Form** (new per Memo #2018/2) should be on file with DFR or if confirmation provided to use most current filed Bio).
- Any new officers or directors elected during the year must have a ‘#’ sign next to their name. (Note: *The department must be notified of any new officer or director elections and a biographical affidavit must be submitted.*)
- Note: The Form Type “**VCAR Long Form – 2018**” prints as Footer to identify.
- Since the Short Form has no Cross-Check page due to the fact it is a partial filing, please make sure the Balance Sheet and Income Statement properly foots, and reported values match the corresponding schedules.

### **(2) BALANCE SHEET**

All items must be reported based on GAAP, NAIC SAP, or IFRS as noted above, unless otherwise approved by the Department. (Title 8 V.S.A. Chapter 141; Section 6007 (b))

## ASSETS

**Line 1 - Cash and Investments** – Includes bonds, stocks, cash and cash equivalents, and short-term investments. **LOCKED CELLS** - Amounts pull in directly from the Cash and Investment Schedule on **Page 2 cont.**

**Line 2 a) – b) - Other Invested Assets** – Write-in any invested asset not detailed in Line 1. **LOCKED CELLS** - Amounts pull directly from the Cash and Investment Schedule on **Page 2 cont.**, but a description of the asset must be entered within 2a and 2b.

**Line 5 - Loans to Parent and/or Affiliates** – *Note: Company must have prior written approval for loans to the Parent company or affiliates.*

**Lines 6 and 7 - Reinsurance Recoverable on Paid and Unpaid** – Unpaid losses (line 6) **LOCKED CELLS** pulls directly from **Page 7**. The total of these two items should reconcile to the amounts listed on **Page 6**.

**Line 9 – Ceded Unearned** – **LOCKED CELL** pulls directly from **Page 6a**.

**Line 11 - Letters of Credit** – Include the value of any LOC's that have been issued as part of capitalization and are for the benefit of the Department. (*Title 8 V.S.A. Chapter 141; Section 6004 (c)*)

**Line 15 a) – d) – Other Assets** – provides for input of “other assets” and amount(s) as needed.

### Liabilities, Capital and Surplus:

**Line 17 - Loss and Loss Adjustment Expense Reserves:** Loss and LAE reserves are to be reported gross of ceded reinsurance. **LOCKED CELL** pulls directly from the amounts reported on **Page 7 UNPAID LOSS & LAE (Columns 1-3)**.

**Line 18 - Reinsurance Payable on Paid Losses & LAE** – Include amounts currently payable to fronting companies (i.e. losses & LAE payable on assumed policies).

**Line 19 - Insurance Deposit Liability** – Include the amount of liability related to insurance transactions accounted for using the deposit method.

**Line 27 - Dividends Payable** – *Note: All dividends must have prior Department approval.*

**Line 32 – Capital and Surplus d) & e)** – *Note: Additional line added for further breakdown as needed for amounts held for SSA and surplus note.*

### **(2 cont.) CASH AND INV SCHEDULE**

- The balances on this schedule link directly to **Page 2** (Column B, lines 8-16).
- This schedule breaks out investments by type.
- This can be filled out in summary. *Note: Bank and/or Investment statements are not required as support and should not be filed with the VCAR.*
- The schedule must specify the bank or financial institution, the type of account (checking, money market, CD, investment, etc.).
- For Footnote (a) –  Are the Minimum Capital Requirements met with Cash or Letter of Credit?
- If “No” to Footnote (a) - Any investment accounts, other than cash and cash equivalents or LOC, that are being used to satisfy the minimum capital requirement must be identified in lines provided.

### **(3) INCOME**

**Line 1 - Premiums Written** – “Current” year (Column 1) Direct Premiums Written, Assumed Premiums Written and Ceded Premiums Written are  and pull directly from the amounts reported on **Page 5**, less the deposit premium, and ceded premium pulls from **Page 6**, less the ceded deposit premium. (*Note: Please make certain “Prior” year (Column 2) reporting is manually input accurately per descriptive lines*).

**Line 5 - Other Insurance Income** – include income to the captive not related to premium or investments such as premium financing income, risk management charges, inspections, or other sources.

**Line 7- Net Loss and LAE Incurred** –  pulls directly from the amounts reported on **Page 8**.

**Line 10 - General and Administrative** – include expenses incurred by the captive for day to day operations that are not directly related to an insurance policy.



**Line 11- Total Underwriting Expenses** – **LOCKED CELL** is the total of Net Loss and LAE Incurred + Subtotal: Other Underwriting Expenses.

**Line 13 - Investment Income-Net** – include investment income earned from all forms of investments net of investment management fees.

**Line 15 – Other Expenses** – to deduct for Other Expenses listed on this line, must enter as a negative number.

**Note: For items represented in Capital and Surplus Account changes Lines 20-28, specifically Capital returned and Dividends, must have DFR prior approval.**

## **(5) PREMIUMS**

- This schedule should disclose Direct (*Column 1*) and Assumed Written Premium (*Column 3*), including any premium accounted for under the deposit method. The amounts in (*Columns 1 and 3*) are brought directly to **Page 3**, less the amount reported in (*Columns 2 and 4*) as Deposit Premium. ***Note: Please be as accurate as possible to allocate reported information by separate Line of Business (LOB) in accordance with issued policies, which should align to the business plan on file. Detailed LOB information assists for analyzing insurance market trends in the captive industry. For “All Other Lines” please list line descriptions beginning (Line 51, column A).***
- If reporting controlled unaffiliated premium see additional reference at: *Title 8 V.S.A. Chapter 141; Section 6002 (1) and Title 8 V.S.A. Chapter 141; Section 6001 (7)*
- Unrelated / Pooling relates to unrelated risks that don't fall into the controlled unaffiliated category above, or for companies that have entered into pooling arrangements with reinsurance pools.
- The Department also requires, for financial reporting periods ending 12/31, that a PDF copy of the **Vermont Captive Insurance Tax Return – VT Form CPT 635 (including VT Schedules CPT 636-638, as applicable)**, and any required pool or credit/deduction support be filed with the VCAR. Footnote (a) **Select One**, affirms inclusion. Per **Footnote (c) - if the amount of premium on the return is different from that on Page 5, an explanation in the space provided is required.** *This is a common surveillance reach back when differences identified and not explained. Also, as a reminder please submit a copy if tax returns are amended.*

- Footnotes (b) - Enter the amount of premium tax paid [TOTAL TAX DUE per VT Form CPT-635 line 19].

### **(6a) REINSURANCE CEDED and (6b) REINSURANCE ASSUMED**

- These sheets should disclose the breakdown of amounts Ceded to and Assumed by approved Affiliated and Non-Affiliated Reinsurers(eds), including full name of reinsurers(eds) and domiciliary jurisdiction(s). *Note: Page 6a and Page 6b sheets should be used for filings, and while these sheets are protected, they are now set up to allow to insert rows for additional reporting as needed. If possible do not file as "see attached PDF", as information is needed in EXCEL format for DFR to effectively complete necessary sorts and credit worthiness reviews.*
- The amounts in these schedules are carried directly to **Page 2**, and (Column 5), for Assumed premium, should r e c o n c i l e to **Page 5**. ( Column 7) for Ceded Premium, less column G for Ceded Deposit Premium, is linked directly to **Page 3**.
- Any new Reinsurers from the prior filing must be approved by the DFR.
- **Full Legal Name of Reinsurer (Column 1)**– Please provide the full legal name of the reinsurer per the terms of the reinsurance contract (no abbreviations or shortened names). *I.e. ACE (not acceptable), as should be ACE AMERICAN INSURANCE COMPANY.*
- **Domiciliary Jurisdiction (Column 2)**– Please provide the Domiciliary Jurisdiction (U.S. State or non-U.S. Country) of each reinsurer listed. *I.e. For ACE AMERICAN INSURANCE COMPANY, the domicile is PA.*
- **AM Best Number (Column 3)/ NAIC Company Code (Column 4)**– Please provide the Company’s AM Best # and/or NAIC Co code as applicable. Numbers/Codes, if applicable, can be obtained through the following websites: [www.naic.org](http://www.naic.org) and [www.ambest.com](http://www.ambest.com). *Note: We are working to aggregate the codes to include in our approved reinsurance listings going forward. I.e. For ACE AMERICAN INSURANCE COMPANY, AM Best#: 002257 and NAIC #:22667.*
- **Authorized Reinsurance** - In accordance with 8 V.S.A., Chapter 141, Section 6011(b) credit for reinsurance ceded is allowed when a captive has a contract for reinsurance with companies that are licensed, accredited or certified in Vermont per 8 V.S.A., Chapter 101, Section 3634a; or when a captive contracts for reinsurance with companies specifically approved by the Vermont DFR Captive Insurance Division. An Authorized Reinsurer is any reinsurance company meeting the requirements of this section of the law.

- **6a REINSURANCE CEDED** – If more than 10% of total surplus (*Column 6*) locked formulas have been added to assist with our analysis.

#### **(7) UNPAID LOSSES AND LAE**

- This schedule should disclose the breakdown of Direct and Assumed reserves by Line of Business, ending with reserves net of reinsurance. Amounts disclosed in this section are carried directly to **Page 2** and should reconcile to **Page 8**.
- If reinsurance recoverable (*Column 4*) cannot be broken out by Line of Business, it can be entered in aggregate on line 51.

#### **(8) LOSSES AND LAE PAID AND INCURRED**

- This schedule should disclose the breakdown of paid losses (*Columns 1-4*), current year reserves (*Column 5*), and the prior year reserves (*Column 6*) to calculate the net incurred losses by line of business. Amounts should reconcile to **Page 7** and some amounts are carried over to **Page 3**.
- If Reinsurance Recovered (*Column 3*) cannot be broken out by Line of Business, it can be entered in aggregate on line 53.

**NOTE: While there is no cross-check, please self-check that balances properly foot, specifically 16. Total Assets to 35. Total (total liabilities + total capital and surplus).**

## **GENERAL FINANCIAL STATEMENT INSTRUCTIONS (Page by Page)- VCAR SUPPLEMENTAL FORM**

### **COVER (Not a JURAT)**

- Input "1" in the Data Entry Table for Current Year (Rows 9-12, Column L)
- Enter in the Data Entry Table for License # (Row 14, Column K) and Licensed Company Name (Row 15, Column K)

### **(2) BALANCE SHEET**

All items must be reported based on GAAP, NAIC SAP, or IFRS as noted above, unless otherwise approved by the Department. (*Title 8 V.S.A. Chapter 141; Section 6007 (b)*)

### **ASSETS**

**Line 1 - Cash and Investments** – Includes bonds, stocks, cash and cash equivalents, and short-term investments.

**Line 2 a) – b) - Other Invested Assets** – Write-in any invested asset not detailed in Line 1.

**Line 5 - Loans to Parent and/or Affiliates** – *Note: Company must have prior written approval for loans to the Parent company or affiliates.*

**Lines 6 and 7 - Reinsurance Recoverable on Paid and Unpaid** – The total of Reins. Recoverable on Unpaid Losses & LAE (line 6) plus Reins. Recoverable on Paid Losses & LAE should reconcile to the amounts listed on **Page 6**.

**Line 9 – Ceded Unearned** – LOCKED CELL pulls directly from **Page 6a**.

**Line 11 - Letters of Credit** – Include the value of any LOC's that have been issued as part of capitalization and are for the benefit of the Department. (*Title 8 V.S.A. Chapter 141; Section 6004 (c)*)

**Line 15 a) – d) – Other Assets** – provides for input of "other assets" and amount(s) as needed.

### Liabilities, Capital and Surplus:

**Line 17 - Loss and Loss Adjustment Expense Reserves:** Loss and LAE reserves are to be reported gross of ceded reinsurance should agree to the amounts reported on **Page 7 UNPAID LOSS & LAE (Columns 1-3)**.

**Line 18 - Reinsurance Payable on Paid Losses & LAE** – Include amounts currently payable to fronting companies (i.e. losses & LAE payable on assumed policies).

**Line 19 - Insurance Deposit Liability** – Include the amount of liability related to insurance transactions accounted for using the deposit method.

**Line 27 - Dividends Payable** – *Note: All dividends must have prior Department approval.*

**Line 32 – Capital and Surplus d) & e)** – *Note: Additional line added for further breakdown as needed for amounts held for SSA and surplus note.*

### (3) INCOME

**Line 1 - Premiums Written** – “Current” year (Column 1) Direct Premiums Written, Assumed Premiums Written and Ceded Premiums Written are **LOCKED CELLS** and pull directly from the amounts reported on **Page 5**, less the deposit premium, and ceded premium pulls from **Page 6**, less the ceded deposit premium. (*Note: Please make certain “Prior” year (Column 2) reporting is manually input accurately per descriptive lines*).

**Line 5 - Other Insurance Income** – include income to the captive not related to premium or investments such as premium financing income, risk management charges, inspections, or other sources.

**Line 7- Net Loss and LAE Incurred** – Should agree to the amounts reported on **Page 8**.

**Line 10 - General and Administrative** – include expenses incurred by the captive for day to day operations that are not directly related to an insurance policy.

**Line 11- Total Underwriting Expenses** – **LOCKED CELL** is the total of Net Loss and LAE Incurred + Subtotal: Other Underwriting Expenses.

**Line 13 - Investment Income-Net** – include investment income earned from all forms of investments net of investment management fees.

**Line 15 – Other Expenses** – to deduct for Other Expenses listed on this line, must enter as a negative number.

***Note: For items represented in Capital and Surplus Account changes Lines 20-28, specifically Capital returned and Dividends, require prior DFR approval.***

## **(5) PREMIUMS**

- This schedule should disclose Direct (*Column 1*) and Assumed Written Premium (*Column 3*), including any premium accounted for under the deposit method. The amounts in (*Columns 1 and 3*) are brought directly to **Page 3**, less the amount reported in (*Columns 2 and 4*) as Deposit Premium. ***Note: Please be as accurate as possible to allocate reported information by separate Line of Business (LOB) in accordance with issued policies, which should align to the business plan on file. Detailed LOB information assists for analyzing insurance market trends in the captive industry. For “All Other Lines” please list line descriptions beginning (Line 51, column A).***
- If reporting controlled unaffiliated premium see additional reference at: *Title 8 V.S.A. Chapter 141; Section 6002 (1) and Title 8 V.S.A. Chapter 141; Section 6001 (7)*
- Unrelated / Pooling relates to unrelated risks that don’t fall into the controlled unaffiliated category above, or for companies that have entered into pooling arrangements with reinsurance pools.
- The Department also requires, for financial reporting periods ending 12/31, that a PDF copy of the **Vermont Captive Premium Tax Return - Form CPT 635 (including VT Schedules CPT 636-638**, as applicable), and any required pool or credit/deduction support be filed with the VCAR. Footnote (a) , affirms inclusion. Per ***Footnote (c) - if the amount of premium on the return is different from that on Page 5, an explanation in the space provided is required. This is a common surveillance reach back when differences identified and not explained. Also, as a reminder please submit a copy if tax returns are amended.***
- Footnotes (b) - Enter the amount of premium tax paid [TOTAL TAX DUE per VT Form CPT-635 line 19].

## (6a) REINSURANCE CEDED and (6b) REINSURANCE ASSUMED

- These sheets should disclose the breakdown of amounts Ceded to and Assumed by approved Affiliated and Non-Affiliated Reinsurers(eds), including full name of reinsurers(eds) and domiciliary jurisdiction(s). *Note: Page 6a and Page 6b sheets should be used for filings, and while these sheets are protected, they are now set up to allow to insert rows for additional reporting as needed. If possible do not file as “see attached PDF”, as information is needed in EXCEL format for DFR to effectively complete necessary sorts and credit worthiness reviews.*
- The amounts in these schedules are carried directly to **Page 2**, and (Column 5), for Assumed premium, should r e c o n c i l e to **Page 5**. ( Column 7) for Ceded Premium, less column G for Ceded Deposit Premium, is linked directly to **Page 3**.
- Any new Reinsurers from the prior filing must be approved by the DFR.
- **Full Legal Name of Reinsurer (Column 1)**– Please provide the full legal name of the reinsurer per the terms of the reinsurance contract (no abbreviations or shortened names). *I.e. ACE (not acceptable), as should be ACE AMERICAN INSURANCE COMPANY.*
- **Domiciliary Jurisdiction (Column 2)**– Please provide the Domiciliary Jurisdiction (U.S. State or non-U.S. Country) of each reinsurer listed. *I.e. For ACE AMERICAN INSURANCE COMPANY, the domicile is PA.*
- **AM Best Number (Column 3)/ NAIC Company Code (Column 4)**– Please provide the Company’s AM Best # and/or NAIC Co code as applicable. Numbers/Codes, if applicable, can be obtained through the following websites: [www.naic.org](http://www.naic.org) and [www.ambest.com](http://www.ambest.com). *Note: We are working to aggregate the codes to include in our approved reinsurance listings going forward. I.e. For ACE AMERICAN INSURANCE COMPANY, AM Best#: 002257 and NAIC #:22667.*
- **Authorized Reinsurance** - In accordance with 8 V.S.A., Chapter 141, Section 6011(b) credit for reinsurance ceded is allowed when a captive has a contract for reinsurance with companies that are licensed, accredited or certified in Vermont per 8 V.S.A., Chapter 101, Section 3634a; or when a captive contracts for reinsurance with companies specifically approved by the Vermont DFR Captive Insurance Division. An Authorized Reinsurer is any reinsurance company meeting the requirements of this section of the law.
- **6a REINSURANCE CEDED** – If more than 10% of total surplus (Column 6) locked formulas have been added to assist with our analysis.

## **GENERAL FINANCIAL STATEMENT INSTRUCTIONS (Page by Page)- VCAR Incorporated Protected Cell (IPC) FORM**

### **JURAT**

**JURAT must be completed in its entirety. Note for the IPC Form, not required to be signed nor notarized.**

- ENTER “1” in the Date Box for Current Year (Rows 9-12, Column L)
- ENTER the “LICENSE #” (Row 14, Column K), as formula linked to all pages
- ENTER “SPONSORED CAPTIVE NAME” (Row 15, Column K), as formula links to all pages
- ENTER “REPORTING ENTITY/CELL NAME” (Row 16, Column K), as formula links to all pages
- Any new officers or directors elected during the year must have a ‘#’ sign next to their name. (*Note: The department must be notified of any new officer or director elections and a biographical affidavit must be submitted.*)
- Note: The Form Type “VCAR Incorporated Protected Cell Form – 2018” prints as Footer to identify.

### **(2) BALANCE SHEET**

All items must be reported based on GAAP, NAIC SAP, or IFRS as noted above, unless otherwise approved by the Department. (*Title 8 V.S.A. Chapter 141; Section 6007 (b)*)

### **ASSETS**

**Line 1 a) - d) - Cash and Investments** – Includes bonds, stocks, cash and cash equivalents, and short-term investments. **LOCKED CELLS** - Amounts pull in directly from the Cash and Investment Schedule on **Page 2 cont.**

**Line 2 a) – b) - Other Invested Assets** – Write-in any invested asset not detailed in Line 1. **LOCKED CELLS** - Amounts pull directly from the Cash and Investment Schedule on **Page 2 cont.**, but a description of the asset must be entered within 2a and 2b.

**Line 5 - Loans to Parent and/or Affiliates** – *Note: Company must have prior written approval for loans to the Parent company or affiliates.*



**Lines 6 and 7 - Reinsurance Recoverable on Paid and Unpaid** – Unpaid losses (line 6) **LOCKED CELLS** pulls directly from **Page 7**. The total of these two items should reconcile to the amounts listed on **Page 6**.

**Line 9 – Ceded Unearned** – **LOCKED CELL** pulls directly from **Page 6a**.

**Line 11 - Letters of Credit** – Include the value of any LOC's that have been issued as part of capitalization and are for the benefit of the Department. (*Title 8 V.S.A. Chapter 141; Section 6004 (c)*)

**Line 15 a) – d) – Other Assets** – provides for input of “other assets” and amount(s) as needed.

### **Liabilities, Capital and Surplus:**

**Line 17 - Loss and Loss Adjustment Expense Reserves:** Loss and LAE reserves are to be reported gross of ceded reinsurance. **LOCKED CELL** pulls directly from the amounts reported on **Page 7 UNPAID LOSS & LAE (Columns 1-3)**.

**Line 18 - Reinsurance Payable on Paid Losses & LAE** – Include amounts currently payable to fronting companies (i.e. Losses & LAE payable on assumed policies).

**Line 19 - Insurance Deposit Liability** – Include the amount of liability related to insurance transactions accounted for using the deposit method.

**Line 27 - Dividends Payable** – *Note: All dividends must have prior Department approval.*

**Line 32 – Capital and Surplus d) & e)** – *Note: Additional line added for further breakdown as needed for amounts held for SSA and surplus note.*

### **(2 cont.) CASH AND INV SCHEDULE**

- The balances on this schedule link directly to **Page 2 (Column B, lines 8-16)**.
- This schedule breaks out investments by type.
- This can be filled out in summary. *Note: Bank and/or Investment statements are not required as support and should not be filed with the VCAR.*
- The schedule must specify the bank or financial institution, the type of account (checking, money market, CD, investment, etc.).
- For Footnote (a) – **Select One** Are the Minimum Capital Requirements met with Cash or Letter of Credit?

- If “No” to Footnote (a) - Any investment accounts, other than cash and cash equivalents or LOC, that are being used to satisfy the minimum capital requirement must be identified in lines provided.

### **(3) INCOME**

**Line 1 - Premiums Written** – “Current” year (Column 1) Direct Premiums Written, Assumed Premiums Written and Ceded Premiums Written are **LOCKED CELLS** and pull directly from the amounts reported on **Page 5**, less the deposit premium, and ceded premium pulls from Page 6, less the ceded deposit premium. (*Note: Please make certain “Prior” year (Column 2) reporting is manually input accurately per descriptive lines*).

**Line 5 - Other Insurance Income** – include income to the captive not related to premium or investments such as premium financing income, risk management charges, inspections, or other sources.

**Line 7- Net Loss and LAE Incurred** – **LOCKED CELL** pulls directly from the amounts reported on **Page 8**.

**Line 10 - General and Administrative** – include expenses incurred by the captive for day to day operations that are not directly related to an insurance policy.

**Line 11- Total Underwriting Expenses** – **LOCKED CELL** is the total of Net Loss and LAE Incurred + Subtotal: Other Underwriting Expenses.

**Line 13 - Investment Income-Net** – include investment income earned from all forms of investments net of investment management fees.

**Line 15 – Other Expenses** – to deduct for Other Expenses listed on this line, must enter as a negative number.

**Note: For items represented in Capital and Surplus Account changes Lines 20-28, specifically Capital returned and Dividends, must have DFR prior approval.**

**(4) QUESTIONNAIRE (Sequence of Questions #8-11 from Long Form removed as N/A)**

**Q1-Q24**

**Q1** – Provide the full name of the ultimate controlling company of the Reporting Entity/Cell (for which financial statements are provided to the DFR) as of the balance sheet date reported. **Q1 a) and b)** request the affirmation that parent financials have been filed as required and the as of date. We understand that depending on the issuance date what is affirmed may relate to the prior year. **Note:** Parent company reports are required to be filed annually when issued. **Please note that this is still a common surveillance reach back to request, so if delayed in filing please provide status updates. If there will be or has been a change in ownership please submit Business Plan Change of effective date, details and organizational chart to [DFR.CaptiveMail@vermont.gov](mailto:DFR.CaptiveMail@vermont.gov).**

**Q2 – Q4** – Provide the full name, address and any relevant contact information for the indicated entities related to the operations of the captive. **Q2 a) and 3 a)**  if a waiver has been requested.

**Q5 – Q6** – List Other services provided by CPA and  as to changes in providers.

**Note:** While the responses to **Q1 – Q6** may be the same for Cells reporting under the same Sponsor, there may be circumstances where different. If same, please indicate in responses.

**Q11 c)** – For separate accounts only – Enter total number of separate accounts

**Q11 d)** – For sponsored captives only – Enter total number of open and active cells (not closed/dissolved)

**Q16** – Disclose if the captive is filing the VCAR in accordance with GAAP, NAIC SAP or IFRS as required in the Department regulations. If not, please describe. All deviations from GAAP, NAIC SAP or IFRS must have prior Department approval.

**Q18** – Disclose Five-year Pro Forma details is a new interrogatory to affirm what is on file complies or plan to update. As projections are provided for approval of IPCs, the expectation is that Five-year Pro Forma's are to be maintained and filed for each IPC. **Please note that this is still a common surveillance reach back to request, so if delayed in filing please provide status updates.**

**Q19 – Q24** – These questions contain automatic calculations  based on your completed VCAR financial results (2) BALANCE SHEET AND (3) INCOME. Any exceptions require an explanation.

**Note:** Net Loss to Surplus Ratio on previous VCAR Long Form Q27 has been removed.

## **(5) PREMIUMS**

- This schedule should disclose Direct (*Column 1*) and Assumed Written Premium (*Column 3*), including any premium accounted for under the deposit method. The amounts in (*Columns 1 and 3*) are brought directly to **Page 3**, less the amount reported in (*Columns 2 and 4*) as Deposit Premium. **Note:** *Please be as accurate as possible to list information by separate Line of Business (LOB) in accordance with issued policies, which should align to the business plan on file. Detailed LOB information assists for analyzing insurance market trends in the captive industry. For “All Other Lines” please list line descriptions beginning (Line 51, column A).*
- If reporting controlled unaffiliated premium see additional reference at: *Title 8 V.S.A. Chapter 141; Section 6002 (1) and Title 8 V.S.A. Chapter 141; Section 6001 (7)*
- Unrelated / Pooling relates to unrelated risks that don't fall into the controlled unaffiliated category above, or for companies that have entered into pooling arrangements with reinsurance pools.
- The Department also requires, for financial reporting periods ending 12/31, that a PDF copy of the **Vermont Captive Insurance Tax Return – VT Form CPT 635 (including VT Schedules CPT 636-638, as applicable)** any required pool or credit/deduction support be filed with the VCAR. Footnote (a) **Select One**, affirms inclusion. Per **Footnote (c) - if the amount of on the return is different from that on Page 5, an explanation in the space provided is required.** *This is a common surveillance reach back when differences identified and not explained. Also, as a reminder please submit a copy if tax returns are amended.*
- Footnotes (b) - Enter the amount of premium tax paid [CELL CALCULATED TAX per VT Schedule CPT-637 line 15].

## **(6a) REINSURANCE CEDED and (6b) REINSURANCE ASSUMED**

- These sheets should disclose the breakdown of amounts Ceded to and Assumed by approved Affiliated and Non-Affiliated Reinsurers(eds), including full name of reinsurers(eds) and domiciliary jurisdiction(s). **Note:** *Page 6a and Page 6b sheets should be used for filings, and while these sheets are protected, they are now set up to allow to insert rows for additional reporting as needed. If possible do not file as “see attached PDF”, as information is*

needed in EXCEL format for DFR to effectively complete necessary sorts and credit worthiness reviews.

- The amounts in these schedules are carried directly to **Page 2**, and (Column 5), for Assumed premium, should reconcile to **Page 5**. (Column 7) for Ceded Premium, less column G for Ceded Deposit Premium, is linked directly to **Page 3**.
- Any new Reinsurers from the prior filing must be approved by the DFR.
- **Full Legal Name of Reinsurer** (Column 1)– Please provide the full legal name of the reinsurer per the terms of the reinsurance contract (no abbreviations or shortened names). **I.e. ACE (not acceptable), as should be ACE AMERICAN INSURANCE COMPANY.**
- **Domiciliary Jurisdiction** (Column 2)– Please provide the Domiciliary Jurisdiction (U.S. State or non-U.S. Country) of each reinsurer listed. **I.e. For ACE AMERICAN INSURANCE COMPANY, the domicile is PA.**
- AM Best Number (Column 3)/ NAIC Company Code (Column 4)– Please provide the Company’s AM Best # and/or NAIC Co code as applicable. Numbers/Codes, if applicable, can be obtained through the following websites: [www.naic.org](http://www.naic.org) and [www.ambest.com](http://www.ambest.com). *Note: We are working to aggregate the codes to include in our approved reinsurance listings going forward.* **I.e. For ACE AMERICAN INSURANCE COMPANY, AM Best#: 002257 and NAIC #:22667.**
- Authorized Reinsurance - In accordance with 8 V.S.A., Chapter 141, Section 6011(b) credit for reinsurance ceded is allowed when a captive has a contract for reinsurance with companies that are licensed, accredited or certified in Vermont per 8 V.S.A., Chapter 101, Section 3634a; or when a captive contracts for reinsurance with companies specifically approved by the Vermont DFR Captive Insurance Division. An Authorized Reinsurer is any reinsurance company meeting the requirements of this section of the law.
- **6a REINSURANCE CEDED** – If more than 10% of total surplus (Column 6) locked formulas have been added to assist with our analysis.

## (7) UNPAID LOSSES AND LAE

- This schedule should disclose the breakdown of Direct and Assumed reserves by Line of Business, ending with reserves net of reinsurance. Amounts disclosed in this section are carried directly to Page 2 and should reconcile to **Page 8**.
- If reinsurance recoverable (Column 4) cannot be broken out by Line of Business, it can be entered in aggregate on line 51.

## (8) LOSSES AND LAE PAID AND INCURRED

- This schedule should disclose the breakdown of paid losses (*Columns 1-4*), current year reserves (*Column 5*), and the prior year reserves (*Column 6*) to calculate the net incurred losses by line of business. Amounts should reconcile to **Page 7** and some amounts are carried over to **Page 3**.
- If Reinsurance Recovered (*Column 3*) cannot be broken out by Line of Business, it can be entered in aggregate on line 53.

## (9) CROSSCHECK

- This Cross Check/Check Sheet is intended to help the preparer and the Department to identify potential errors in the preparation of the VCAR. Rounding errors can be disregarded.
- This page is required to be filed with the VCAR and any differences must be explained.