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**DEPARTMENT OF FINANCIAL REGULATION**  
**CAPTIVE APPLICATION FOR ADMISSION TO VERMONT**  
**GENERAL INSTRUCTIONS**

1. Prior to completing the **Captive Application for Admission** (the **Application**), please coordinate a meeting with the Vermont Department of Financial Regulation (Department). The Department appreciates the opportunity to meet with prospective captive owners/members to hear about their organization and specific insurance needs, discuss the proposed business plan and ownership structure and share information about Vermont, including the application process and how we will regulate the captive after licensing. Please note all information regarding the **Application**, including these preliminary discussions, is *Confidential*.
  
2. The **Application** is a "fillable" PDF Form only and it is recommended you open and complete in Adobe Acrobat. Note: Printing as a blank form for manual completion is not recommended, as questions with drop down **Select One** responses do not print selection options.
  - The **Application** and all related supplemental information should be submitted in PDF format and emailed to [DFR.CaptiveMail@vermont.gov](mailto:DFR.CaptiveMail@vermont.gov)
  - A separate Word document consisting of the captive's plan of operation/business plan and a separate Excel file consisting of the proforma financial projections included with the e-mail submission would be appreciated.
  - A printed copy of the **Application** will be acceptable but is not necessary. (Note: If the reviewing actuary assigned by the Department prefers a printed copy, we will inform you of this preference after the assignment has been made.)
  
3. The **Application** must be filled out in its entirety and submitted together with all required materials, including those items listed in Question 24, as applicable. A written explanation is required for any items deemed not applicable.
  - If applicable, the **Application** will be reviewed by one of the actuarial review firms appointed by the Commissioner. The firms' duties are advisory in nature and final approval or disapproval of an **Application** will be made by the Commissioner only.
  - Please prepare one (1) extra copy of the **Application** and all required documents, with the exception of the biographical affidavits and /or other sensitive information, which you will send to the assigned reviewing actuary upon direction of this Department.
  - We will provide the reviewing actuary's contact information and preference with regard to format (pdf vs. printed copy) upon assignment by the Department. When e-mailing the reviewing actuary, please copy [DFR.CaptiveMail@vermont.gov](mailto:DFR.CaptiveMail@vermont.gov) so we know it was sent.

4. Special Purpose Financial Insurance Companies (SPFIs) and Risk Retention Groups (RRGs) may be subject to additional requirements under Vermont Statutes. If you are forming a SPFI or RRG, please refer to all applicable Vermont statutes and regulations, or contact the Department directly to inquire.
5. No incomplete **Application** package will be accepted. Incomplete **Applications** will be returned. Please submit complete **Application** materials to:

Via e-mail in unsecured PDF format: [DFR.CaptiveMail@vermont.gov](mailto:DFR.CaptiveMail@vermont.gov)

or

Via mail (if preferred):

Vermont DFR - Captive Insurance Division  
89 Main Street  
Montpelier, VT 05620-3101

6. **Application** fees can be submitted via check or electronic fund transfer (ACH or wire):

Via mail (checks): Vermont DFR - Captive Insurance Division  
89 Main Street  
Montpelier, VT 05620-3101

Or

For ACH/Wire Transfer instructions, please call 802-828-3304 or e-mail [val.stark@vermont.gov](mailto:val.stark@vermont.gov)

Please note, to ensure proper credit to the appropriate Captive Insurance Company, the following Reference Note is Required on checks and electronic fund transfers\*: **DFR CI – (Name of Captive and Reason for Payment)** [*Example: DFR CI – XYZ Captive Insurance Company Application fees*]

Certain requirements/expectations are summarized on the following pages. For questions and additional guidance, please contact:

**Christine Brown, CFE**  
Director of Captive Insurance  
Vermont Department of Financial Regulation  
[christine.brown@vermont.gov](mailto:christine.brown@vermont.gov)

**Jim DeVoe-Talluto, CPA, CFE**  
Assistant Director of Captive Insurance  
Vermont Department of Financial Regulation  
[jim.devoe-talluto@vermont.gov](mailto:jim.devoe-talluto@vermont.gov)

**~See Pages 3 and 4 for additional application resources~**

### Applicable Laws, Regulations, Lists and Forms

Please note that depending on the type of company, different rules and regulations may apply. Please visit our website for the full set of laws, regulations and forms at:

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

### Legal Counsel

The Department recommends, but does not require, the use of Vermont counsel for Secretary of State filing purposes.

### Certificate of General Good and Organization of the Business Entity in Vermont

Each applicant shall petition the Commissioner to issue a Certificate of Public Good. The factors to be addressed are outlined in 8 V.S.A. Sec 6006(e). The petition should be submitted to:

[DFR.CaptiveMail@vermont.gov](mailto:DFR.CaptiveMail@vermont.gov)

After the Commissioner has issued an electronic Certificate of Public Good via email, it can be presented along with the appropriate organizational documents, to the Secretary of State's office (for a fee - see 11 V.S.A. Sec 3026 and 11A V.S.A. Sec 1.22) for registering the business entity in Vermont.

A Certificate of Authority to operate as a captive insurance company in Vermont cannot be issued by the Commissioner until the business entity is registered with the Vermont Secretary of State's Office. In the case of reciprocal captive insurance companies, the Vermont Secretary of State's Office will assign a Trade Name Registration.

A captive insurance company incorporated or organized in Vermont shall have one or more incorporators or one or more organizers, at least one of which shall be a resident of Vermont.

In the case of a captive insurance company: (1) formed as a corporation, at least one of the members of the board of directors shall be a resident of this State; (2) formed as a reciprocal insurer, at least one of the members of the subscribers' advisory committee shall be a resident of this State; (3) formed as a limited liability company, at least one of the managers shall be a resident of this State.

### Principal Place of Business

Vermont Statutes (8 V.S.A., Chapter 141, Section 6002(b)(3)) require each company "maintain its principal place of business in this state". Most of the captive insurance companies domiciled in Vermont maintain their principal place of business by contracting with one of Vermont's Approved Managers. Any captive insurance company can choose to staff an office in Vermont, or contract with a local Vermont Approved Manager. A list of Managers qualified to conduct business in Vermont can be found on our website under <https://dfr.vermont.gov/document/approved-management-companies>.

The Department encourages all captive insurance companies domiciled in Vermont to contact one of the Vermont-Approved Managers. The prospective captive owner(s) can rely on the manager's captive insurance expertise.

### Letters of Credit for Capital and Surplus

If letters of credit are used to meet capital and surplus requirements Form E-702 Irrevocable Letter of Credit is located at: <https://dfr.vermont.gov/document/letter-credit-template> While Form E-702 Irrevocable Letter of Credit is provided as a "sample" format, please note that if you use a different format, you must adhere to the exact wording in paragraphs 1-7. All Letters of Credit should be issued on the bank's letterhead by a Qualified Bank (a member of the Federal Reserve Bank or included on the list of NAIC approved banks).

### Biographical Affidavits

Include a Biographical Affidavit for each officer and director using either Vermont's prescribed Biographical Affidavit form or the NAIC's biographical affidavit. Use form Vermont Resident Director Biographical Affidavit for the required resident director. Each affidavit must be filled out in its entirety and no substitute for this form will be accepted.

- Vermont prescribed form is located at: <https://dfr.vermont.gov/document/biographical-affidavit>
- Vermont Resident Director form is located at: <https://dfr.vermont.gov/document/biographical-affidavit-vermont-resident-directors>
- NAIC format can be found at: [https://naic.org/industry\\_ucaa.htm](https://naic.org/industry_ucaa.htm)

### Application Turnaround Time

Approximately 30 days from receipt of a complete **Application**, except for SPFIs, which may take up to 60 days from receipt of a complete **Application**.

### Change in Plan of Operation

Before receiving a license, a captive insurance company shall submit to the Commissioner for approval a comprehensive plan of operation as part of the **Application**. In the event of any subsequent change in any item described in the plan of operation, the company shall submit a to the Commissioner a request for approval to change its business plan and shall not execute any revision until approved by the Commissioner.



[www.dfr.vermont.gov/industry/captive-insurance](http://www.dfr.vermont.gov/industry/captive-insurance)

[User Fillable PDF Form Only]

**DEPARTMENT OF FINANCIAL REGULATION  
CAPTIVE APPLICATION FOR ADMISSION TO VERMONT**

1. Name of Proposed Captive \_\_\_\_\_

2. Parent or Sponsor \_\_\_\_\_

3. Individual to be contacted regarding this application \_\_\_\_\_

Street Address/City/State/Zip \_\_\_\_\_

Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_

4. Type of Proposed Captive

5. Organization Form

6. Vermont (VT) Principal Place of Business of Proposed Captive \_\_\_\_\_

7. Proposed VT Resident Registered Agent \_\_\_\_\_

Street Address/City/State/Zip \_\_\_\_\_

8. Proposed location of Books and Records \_\_\_\_\_

9. Basis of Accounting

If "Other Accounting", please explain: \_\_\_\_\_

10. Fiscal Year-End Date \_\_\_\_\_

11. Capital and/or Surplus of Company

(a) Initial Capital \$ \_\_\_\_\_

Initial Surplus \$ \_\_\_\_\_

Total \$ \_\_\_\_\_

(b) Location of Shares of Stock \_\_\_\_\_  
 \_\_\_\_\_

12. If a Letter of Credit is to be used to satisfy capital and surplus requirement, **the language on Department Form E-702 must be used.** While this document is provided as a “sample” format, please note that if you use a different format, you must adhere to the exact wording in paragraphs 1-7. All Letters of Credit should be issued on Bank letterhead. Exceptions will not be considered. The Letter of Credit Form E-702 may be found at: <https://dfr.vermont.gov/document/letter-credit-template>

Name and Address of \*Qualified Bank \_\_\_\_\_

\*A qualifying bank is a member of the Federal Reserve Bank or included on the list of NAIC approved banks.

Amount of Letter of Credit \$ \_\_\_\_\_

If Letter of Credit used, please include draft with application. Included: YES PENDING

13. Please respond to the following:

- |  | YES | NO |  |
|--|-----|----|--|
| (a) Parental Guaranty in place?  |     |    |  |
| (b) Loan to Parent requested?  |     |    | If YES, provide draft of Demand Note.<br>Included: YES PENDING |
| (c) Losses Discounted?   |     |    | If YES, proposed rate: _____ %                                 |
| (d) Unaffiliated business?   |     |    |  |
| If YES, description of any unaffiliated risk(s) covered by captive’s program (See 8 VSA, Chapter 141, Sections 6001 (7) and 6002 (a) (1) and (4) _____<br>_____<br>_____ |     |    |  |

14. Provide the following information for each beneficial owner (**attach additional pages as needed**):

Name \_\_\_\_\_

Address \_\_\_\_\_

Percentage of ownership \_\_\_\_\_

Relationship among beneficial owners \_\_\_\_\_

Will the proposed captive be under common ownership and control, as defined by 8 V.S.A., Chapter 141, Section 6001 and 6014 with another existing Vermont licensed captive?

YES NO If YES, please attach list.

15. Enclose Annual Report or 10K's of Beneficial Owners.

- (a) If Private, preferred d/b/a name for public disclosure \_\_\_\_\_
- (b) Provide Organizational chart, including the specific identify of any **insurance affiliates**.
- (c) Business headquarters (City, State/Province, Country) \_\_\_\_\_

16. VT Approved Captive Management Firm \_\_\_\_\_

Address \_\_\_\_\_

Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_

17. Lawyer \_\_\_\_\_

Address \_\_\_\_\_

Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_

18. Claims Handler \_\_\_\_\_

Address \_\_\_\_\_

Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_

19. VT Approved Captive CPA\*\* \_\_\_\_\_

Address \_\_\_\_\_

Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_

Note: Financial Regulation C-81-2 requires that an independent certified public accountant (CPA), approved by the Commissioner, audit the captive annually. It is incumbent upon the applicant to select an accountant who meets the requirements of Regulation 81-2 within 90 days of issuance of captive license.

20. VT Approved Captive Actuary\*\* \_\_\_\_\_

Address \_\_\_\_\_

Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_

Note: Financial Regulation C-81-2 requires that loss reserves and loss expense reserve be certified by a Fellow of the Casualty Actuarial Society, a member in good standing of the American Academy of Actuaries or an individual who has demonstrated his/her competence in loss reserve evaluation and has been approved by the Commissioner. It is incumbent upon the applicant to select an actuary who meets the requirements of Regulation 81-2.

**\*\*For Responses to Questions 19 and 20 above, must be Vermont Captive Approved Service Providers. To confirm go to Lists under <http://www.dfr.vermont.gov/industry/captive-insurance/applications-forms-and-lists> and if not approved, Applications may be found at <http://www.dfr.vermont.gov/industry/captive-insurance/applications-forms-and-lists>**

21. (Re)insurance Broker \_\_\_\_\_

Address \_\_\_\_\_

Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_

22. If Applicant is an Industrial Insured Captive, provide the following information for each full-time employee acting as Insurance Manager or Buyer for each industrial insured member. **(Attach additional pages as needed).**

Name \_\_\_\_\_

Address \_\_\_\_\_

Aggregate annual premium \$ \_\_\_\_\_

Number of full-time employees \_\_\_\_\_

23. If Applicant is a risk retention group, provide the following information:

(a) Draft governance standards and related policies as required by 8 V.S.A., Chapter 142 Section 5052(g);

(b) Determination of Independent Directors as required by 8 V.S.A., Chapter 142 Section 5052(g)(2);

(c) Analysis of compliance with Regulation C-81-2 Section 9: Reinsurance (if applicable);

(d) Will the risk retention group be filing Holding Company forms as required by Regulation

C-2012-2? YES NO

If NO, please explain: \_\_\_\_\_

24. Include the following with this application:

(a) Identify prospective risks to the captive and any mitigating strategies;

(b) Certified copy of Captive's *Certificate of Incorporation, Articles of Association and Bylaws* or, if being formed as a reciprocal, a certified copy of the *Power of Attorney-in-fact and Subscribers' Agreement*;

(c) Non-refundable license fee of \$500.00; \$5,000.00 for SPFIs;

(d) Non-refundable actuarial fee of \$6,000.00; \$10,000 for SPFIs;

(e) Feasibility study by an actuary, including loss experience for past five years together with projections for the ensuing five years;

(f) Statement of Benefit to Vermont;

(g) List of directors and officers: Include a *Biographical Affidavit* for each officer and director using either Vermont's prescribed *Biographical Affidavit* form or the NAIC's biographical affidavit and use form *Vermont Resident Director Biographical Affidavit* for required resident director (unless one already on file);



- (h) If applicant is an Association Captive, give history, purpose, size and other details of parent association;
- (i) List of other service providers and their responsibilities together with how fees for services rendered are to be charged;

(j) Detailed Plan of Operation with supporting data including:

\*\*\*(1) Risks to be insured - direct, assumed and ceded - by line of business;

\*\*\*(2) Limits per occurrence and aggregate; if claims made, occurrence or modified claims made; any limits for deductibles or self-insured retentions; any combined limits – all by line of business;

\*\*\*(3) Maximum retained risk (per loss and annual aggregate);

\*\*\*(4) Expected net annual premium income;

\*\*\*(5) Proposed initial capital (should support expected and adverse case projections);

\*\*\*(6) Financial projections on an expected and worst-case scenario;

\*\*\*Items (j) 1-6 above should be projected for a five-year period. \_\_\_\_\_

(7) Rating program \_\_\_\_\_

(8) Fronting company if operating as a reinsurer;

(9) Reinsurance program by line of business, including amount or % reinsured; type of reinsurance (ie. excess of loss; quota share, or stop loss); full reinsurer name(s), location(s) and AM Best/NAIC Code(s);

(10) Organization and responsibility for loss prevention and safety including the main procedures followed and steps taken to deal with events prior to possible claims \_\_\_\_\_

(11) Description of any permitted practices requesting approval on.

I CERTIFY THAT TO THE BEST OF MY KNOWLEDGE AND BELIEF ALL THE INFORMATION GIVEN IN THIS APPLICATION IS TRUE AND CORRECT AND THAT ALL ESTIMATES GIVEN ARE TRUE ESTIMATES BASED UPON FACTS WHICH HAVE BEEN CAREFULLY CONSIDERED AND ASSESSED.

Name \_\_\_\_\_ Date \_\_\_\_\_

Signature \_\_\_\_\_

(Director or Officer of Captive and Representative of Parent Company)