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

1. Prior to completing the **Captive Application for Admission**, please coordinate a meeting with the Vermont Department of Financial Regulation (Department). The Department likes to have the opportunity to meet and discuss the captive's business plan and ownership structure to understand the program, as well as to share information about Vermont and how the company will be regulated after licensing. Please note that all information, with regard to the **Application**, 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.
3. The **Application**, including forms and materials, cannot be submitted on-line. You must print out the completed forms, sign as needed, and mail them in, including payment(s) for the application fee(s). You can save your completed documents on your hard drive for your records.
4. The **Application** must be filled out in its entirety and when submitted should include all material requested together, including those items listed in question 24 of the application. Any items deemed not applicable, please provide a written explanation. **Please prepare one extra copy of all documents required by this application, which you will send to the assigned Captive Review Firm upon direction of this Department.**
5. Special Purpose Financial Insurance Companies (SPFIs) may be subject to different instructions and forms. If you are forming a Special Purpose Financial Insurance Company, please contact the Department directly to obtain additional information. **For SPFIs, please also submit to the Department one extra copy of all documents required by this application, as will be used for legal review.**
6. No incomplete package of materials will be accepted. Mail application materials to: Vermont DFR, Captive Insurance Division, 89 Main Street, Montpelier, VT 05620-3101.

7. With regard to the application process, please note the following:

Legal Counsel

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

Applicable Laws, Regulations 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/captives/captive-insurance-division>.

Application Turnaround Time

Approximately 30 Days from receipt of complete application.

Application Contact

For questions and guidance, please contact:

Sandy A. Bigglestone, CPA, CFE, CPM, APIR
Director of Captive Insurance
Vermont Department of Financial Regulation
[phone] 802-828-3304
[email] sandy.bigglestone@vermont.gov



[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: <http://www.dfr.vermont.gov/captives/general-licensing-forms-and-instructions>.

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.
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 (6) and 6002 (1)) _____

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 <http://www.dfr.vermont.gov/captives/captive-laws>, 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 <http://www.dfr.vermont.gov/captives/approved-service-providers> and if not approved, Applications may be found at <http://www.dfr.vermont.gov/captives/general-licensing-forms-and-instructions>**

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 \$5,000.00; \$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)