

---

**DEPARTMENT OF FINANCIAL REGULATION**  
**CAPTIVE APPLICATION FOR REDOMESTICATION OR MERGER OF AN**  
**EXISTING FOREIGN/ALIEN CAPTIVE INSURANCE COMPANY TO**  
**VERMONT**

**GENERAL INSTRUCTIONS**

1. Prior to completing the **Captive Application for Redomestication or Merger of an Existing Foreign/Alien Captive Insurance Company to Vermont (Application)**, please coordinate a meeting with the Vermont Department of Financial Regulation (VTDFR). The VTDFR likes to have the opportunity to meet and discuss the captive's business plan and ownership structure to understand the reason(s) for the redomestication or merger, as well as to share information about Vermont and how the company will be regulated after licensing. The applicant should also consider and follow the rules of its existing jurisdiction for redomestication or merger. Please note that all information regarding 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  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 25, 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:

**Sandy A. Bigglestone, CPA, CFE, CPM, APIR**  
*Director of Captive Insurance*  
**Vermont Department of Financial Regulation**  
(802) 828-4854  
[sandy.bigglestone@vermont.gov](mailto:sandy.bigglestone@vermont.gov)

**Christine Brown, CFE**  
*Assistant Director of Captive Insurance*  
**Vermont Department of Financial Regulation**  
(802) 863-3831  
[christine.brown@vermont.gov](mailto:christine.brown@vermont.gov)

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

## Legal Counsel

It is important to coordinate the exit from one jurisdiction and the entrance to Vermont simultaneously to avoid any corporate or tax consequences of existing in two places for any amount of time. For this reason, to affect an efficient redomestication or Merger, the department strongly recommends, but does not require, the use of Vermont counsel specializing in captives.

## Certificate of Authority for Redomestication

Upon our approval, we will provide a conditional Certificate of Authority as evidence of our acceptance to redomesticate to Vermont, conditioned upon the redomestication of the captive from its current jurisdiction to Vermont. Once the captive completes corporate filings with the Vermont Secretary of State, and the entity is legally redomesticated, we will replace the conditional Certificate of Authority, with an unconditional Certificate of Authority.

## Mergers

Some foreign/alien jurisdictions do not have redomestication laws. Therefore foreign/alien captives have the option to redomesticate to Vermont through a merger process. This **Application** form should be used to set up the Vermont captive, which will be used to merge the foreign/alien captive into.

The legal requirements of Title 8 V.S.A. Section 6006 (j) will generally apply. Please refer to: <https://legislature.vermont.gov/statutes/chapter/08/141>.

A redomestication is effective upon the merger of a foreign/alien insurer with a Vermont captive, after filing the Articles of Merger for the Certificate of Merger with the Secretary of State, endorsed by the Commissioner.

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

## Principal Place of Business

Application form question 7. requires disclosure of the company's principal place of business. Vermont Statutes (8 V.S.A., Chapter 141, Section 6002(b)(3)) require each captive insurance company to "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 Captive Managers. A list of Captive Managers qualified to conduct business in Vermont can be found on our website at <https://dfr.vermont.gov/document/approved-management-companies>.

## Letters of Credit

Application form question 13. requires information regarding the use of letters of credit for capital and surplus. All letters of credit that are intended to qualify as capital and surplus are required to use the language on the Vermont DFR's **Letter of Credit Form E-702**. While Form E-702 is provided as a "sample" format, please note that if a different format is used, the language must adhere to the specific wording in paragraphs 1-7 of Form E-702. The Letter of Credit Form E-702 may be found at <https://dfr.vermont.gov/document/letter-credit-template> .

## Approved Certified Public Accountant

Application form question 20. requires disclosure of the company's Vermont Approved Certified Public Accountant. 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. To confirm whether or not the company's appointed CPA has been previously approved, go to <https://dfr.vermont.gov/document/approved-cpas> and if not approved, Applications may be found at <https://dfr.vermont.gov/document/cpa-application>.

## Approved Actuary

Application form question 21. requires disclosure of the company's Vermont Approved Actuary. Financial Regulation C-81-2 requires that loss reserves and loss expense reserves 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. To confirm whether or not the company's appointed actuary has been previously approved, go to <https://dfr.vermont.gov/document/approved-actuaries> and if not approved, Applications may be found at <https://dfr.vermont.gov/document/actuary-application>.

## Application Turnaround Time

Approximately 30 Days from receipt of complete application.

**[User Fillable PDF Form Only]**

**DEPARTMENT OF FINANCIAL REGULATION**  
**CAPTIVE APPLICATION FOR REDOMESTICATION OR MERGER OF AN**  
**EXISTING FOREIGN/ALIEN CAPTIVE INSURANCE COMPANY TO VERMONT**  
*(The **General Instructions** are an integral part of this Application)*

1. Name of Captive \_\_\_\_\_  
 NAIC # \_\_\_\_\_ Licensed Date \_\_\_\_\_
2. Current Domicile Jurisdiction \_\_\_\_\_  
 Regulator contact name \_\_\_\_\_  
 Street Address/City/State/Zip \_\_\_\_\_  
 Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_
3. Parent or Sponsor \_\_\_\_\_
4. Individual to be contacted regarding this application \_\_\_\_\_  
 \_\_\_\_\_  
 Street Address/City/State/Zip \_\_\_\_\_  
 Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_
5. Type of Captive:
6. Organization Form
7. Vermont (VT) Principal Place of Business of Captive \_\_\_\_\_  
*(See instructions.)*
8. Proposed VT Registered Agent \_\_\_\_\_  
 Street Address/City/State/Zip \_\_\_\_\_
9. Proposed location of Books and Records \_\_\_\_\_  
 \_\_\_\_\_
10. Basis of Accounting  
 If "Other Accounting", please explain: \_\_\_\_\_  
 \_\_\_\_\_

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

12. Current Capital and/or Surplus of Company

(a) Capital \$ \_\_\_\_\_  
 Surplus \$ \_\_\_\_\_  
 Total \$ \_\_\_\_\_

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

13. Letter of Credit qualifying as capital and surplus. **(Not applicable to SPFIs).**

*(See 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 \$ \_\_\_\_\_

14. Please respond to the following:

YES NO

(a) Parental Guaranty in place?

(b) Loan to Parent requested?

(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) **(not applicable to SPFIs)**. \_\_\_\_\_

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

Name \_\_\_\_\_

Address \_\_\_\_\_

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

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

16. Enclose Financial Statements (audited or unaudited), 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.

17. Captive Management Firm \_\_\_\_\_  
 Address \_\_\_\_\_  
 Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_
18. Lawyer \_\_\_\_\_  
 Address \_\_\_\_\_  
 Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_
19. Claims Handler \_\_\_\_\_  
 Address \_\_\_\_\_  
 Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_
20. VT Approved Captive CPA \_\_\_\_\_  
*(See instructions).*  
 Address \_\_\_\_\_  
 Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_
21. VT Approved Captive Actuary \_\_\_\_\_  
*(See instructions).*  
 Address \_\_\_\_\_  
 Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_
22. (Re)insurance Broker \_\_\_\_\_  
 Address \_\_\_\_\_  
 Phone Number \_\_\_\_\_ E-Mail \_\_\_\_\_
23. 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 \_\_\_\_\_
24. If Applicant is a risk retention group, provide the following information:
- (a) 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 and **file a formal request for exemption or disclaimer of affiliation:** \_\_\_\_\_

---

25. Include the following with this application:

- (a) Evidence of Board vote recommending Re-Domestication to Vermont/Merger;
- (b) Evidence of Shareholder vote approving Re-Domestication to Vermont/Merger;
- (c) Evidence of current domicile approving Re-Domestication to Vermont/Merger;
- (d) *Certificate of Compliance* or *Certificate of Good Standing* from current Domicile (required for risk retention groups, optional for all others);
- (e) Most recent *Audited Financial Statement and related letters*;
- (f) Most recent *Actuarial Report and Certification* (and for risk retention groups include the *Actuarial Opinion Summary*);
- (g) Most recent *State Examination Report*;
- (h) Certified copy of Captive's *Certificate of Incorporation, Articles of Association and Bylaws* or, if formed as a reciprocal, a Certified copy of the *Power of Attorney-in-fact and Subscribers' Agreement*;
- (i) Non-refundable License Fee of \$500.00; \$5,000.00 for SPFIs;
- (j) Statement of Benefit to Vermont;
- (k) Identify prospective risks to the captive and any mitigating strategies.
- (l) 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;
- (m) If applicant is an Association Captive, give history, purpose, size and other details of Parent Association;
- (n) List of other Service Providers and their responsibilities together with how fees for services rendered are to be charged;
- (o) 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) Capital (should support expected and adverse case projections);



\*\*\* (6) Financial projections on an expected scenario (adverse basis projections may be requested);

**\*\*\*Items (o) 1-6 above should be projected for a five-year period. In the case of an SPFI, the expected case proformas should be projected for the term of the reinsurance agreement.**

(7) Rating program (**not applicable to SPFIs**);

(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, 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 (**not applicable to SPFIs**);

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.

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

Signature \_\_\_\_\_

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