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## **Department of Financial Regulation and Secretary of State Collaborate on Captive Insurance Blockchain Pilot**

### **Joint Press Release**

#### **For Immediate Release:**

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*Montpelier, VT* – On January 9, 2019, the Secretary of State Jim Condos and Department of Financial Regulation Commissioner Michael Pieciak signed a [memorandum of understanding](#) outlining their collaborative efforts to explore emerging blockchain technology and its use in the digital recordkeeping practices of the captive insurance industry.

The Secretary of State's Office and Department of Financial Regulation jointly issued a [Request for Information](#) (RFI) on January 10, 2019 to identify vendors that may work with the State to launch a pilot program allowing new captive insurance companies to register with the Secretary of State using blockchain technology. The pilot program is designed to test the functionality of the emerging technology in state regulatory processes. The pilot will also include a review and revision of relevant statutes, rules, regulations, and bulletins to ease blockchain implementation.

"Developments in technology provide opportunities for government to improve efficiency and transparency, cut red tape, and improve services for Vermonters," said Secretary Condos. "This pilot will allow us to examine whether or not the application of blockchain technology for digital recordkeeping can improve aspects of the state regulatory process."

"Financial services firms are innovating at lightning speed and regulators have an obligation to keep up," said Commissioner Pieciak. "This partnership with the Secretary of State provides a great opportunity for our teams to become better acquainted with distributed ledger technology and understand how the state and Vermont businesses might benefit."

Blockchain or similar digital ledger technology is designed to create a transparent and validated record of transactions, while providing increased efficiency, accuracy, and security for users when compared to traditional recordkeeping methods.

Vermont is the world-wide leader in captive insurance by premium written and third in the world by active licenses.

"Vermont has long been known as an international leader in the captive insurance industry with a robust regulatory and professional community and a willingness to embrace

innovation,” said Captive Insurance Deputy Commissioner David Provost. “This makes Vermont’s captive insurance industry the ideal place to pilot this blockchain program.”

The pilot program will help the state identify areas where the use of blockchain technology in regulatory and other government business may increase data security and reduce costs for residents and those doing business in Vermont.

The adoption of this emerging technology may yield significant benefits such as more efficient administration of their respective duties while maximizing taxpayer value for Vermont’s citizens.

Questions related to the RFI are due on January 24, 2019 and the RFI is due on February 14, 2019.

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