

****IMPORTANT – ALL VCAR templates have changed.**
VERMONT CAPTIVE ANNUAL REPORT (VCAR)
2023 GUIDANCE FOR ALL VCAR FORMS

This Guidance is an important part of the preparation of the VCAR filings. The Guidance includes filing instructions, report changes, and “please remember to” information to avoid commonly made mistakes. The full detailed instructions by form are available as a further resource on our website. **Important: The 2023 changes include: Jurat, (4) Questionnaire, (E-1) Cell Confirmation Exhibit and template-wide formatting changes. All updates are noted in ‘RED’.**

A. Who Files and Form Types

The **Vermont Captive Annual Report (VCAR) Form** is a Vermont domestic specific form maintained by the Department of Financial Regulation Captive Insurance Division (VT DFR). It is intended to be used by all Vermont licensed captive insurance companies and related cells that are not filing the NAIC Annual Statement.

****IMPORTANT**:** *VCAR Forms are available on our web site and upon request. VCAR Forms are in Excel Workbook (*.xlsx) format type. Previous versions were in (*.xls) format type and all macros have been removed/disabled.*

1. **VCAR Form** – To be used by all licensed captives that are non-NAIC filers. Excel file name = “VCAR- Version 2023”. **This form should be used beginning with 2023 year-end filings, including subsequent fiscal year-ends, until superseded.**
2. **VCAR Supplemental Form** – To be used for unincorporated protected cells, separate accounts, and filings for insurance subsidiaries, unless required to file on NAIC forms. Excel file name = “VCAR Supplemental Form- Version 2023”. **This form should be used beginning with 2023 year-end filings until superseded.**
3. **VCAR Incorporated Protected Cell (IPC) Form** - To be used for incorporated protected cells (IPC) of sponsored captives, unless required to file on NAIC forms. Excel file name = “VCAR Incorporated Protected Cell Form- Version 2023”. **This form should be used beginning with 2023 year-end filings until superseded.**

Additional Guidance for Sponsored Captives and Cells [Title 8 V.S.A. Chapter 141; Section 6034 \(7\)](#)

VT DFR requires the annual Sponsored captive insurance company reporting of the Core and Cells separately, as originally intended under the Statutes. The only exception is for Cores and Cells under common ownership and control that qualify for consolidation or combination based on the method of accounting used; in those cases, the cells are still required to file a separate VCAR, VCAR Supplemental or IPC Forms as applicable, as well as consolidated with their sponsor. Please note that the presentation of a Sponsored captive’s annual report may not agree to the audited financial statements; therefore, a reconciling footnote in the audited financial statements would be required.

The following are examples to follow for the cell reporting:

Example 1

For a Sponsored captive entity comprised of the licensed Sponsored Captive Core and two (2) protected cells with cell 1 (incorporated) and cell 2 (unincorporated):

- Core – files **VCAR Form** of Core’s sole financials only
- Cell 1 – files **VCAR Incorporated Protected Cell (IPC) Form** of Cell 1 only
- Cells 2 – files **VCAR Supplemental Form** (Unincorporated Protected Cell/Separate Accounts) of Cell 2 only

Example 2

For a Sponsored captive entity comprised of the licensed Sponsored Captive Core and two (2) protected cells with Cell 1, an unincorporated cell who meets the rules of consolidation through “common ownership and control” with the core and Cell 2, an unincorporated separate entity, would then file:

- Core and Cell 1 – files **VCAR Form** as combined for consolidation.
- Core – files **VCAR Form** for Core’s sole financials only
- Cell 1 – files **VCAR Supplemental Form** (Unincorporated Protected Cell/Separate Accounts) of Cell 1 only
- Cell 2 – files **VCAR Supplemental Form** (Unincorporated Protected Cell/Separate Accounts) of Cell 2 only

Note: In order to prepare the VCAR of the Sponsored Captive and Cell(s) on a consolidated or combined basis it must meet the rules of consolidation through common ownership and control or with prior VT DFR approval submitted to DFR.CaptiveMail@vermont.gov.

VCAR (E-1) Cell Confirmation Exhibit is to be used to provide a listing of all the approved cells of the Sponsored Captive as of the year-end reporting date, whether “active” or “dissolved/closed”. “Active” is defined as not closed or dissolved but should include those cells that may be inactive or in run-off. The form (E-1) CELL CONFIRMATION EXHIBIT is part of the **VCAR Form** and prompts for completion based on “Sponsored” Company Type selection.

Additional Guidance for Captives with Separate Accounts – Captives with separate accounts must submit a full VCAR that includes the separate account(s) as well as a VCAR supplemental for each separate account. Use **VCAR Form** for consolidated and **VCAR Supplemental Form** for each separate account.

Additional Guidance Captives with Insurance Subsidiaries – Captives with insurance subsidiaries must submit a full VCAR on a consolidated basis in accordance with [8 VSA, Section 600Z](#), which will agree to the audited financial statements. In addition, Captives must file a VCAR Supplemental Form 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 Form** for consolidated and **VCAR Supplemental Form** to file for each insurance subsidiary.

Additional Guidance for Dormant Captives – Captives who hold a **Certificate of Dormancy** must submit the **VCAR Form** once annually; 75 days after their calendar year-end or fiscal year-end. Per the Captive Company Status on the Jurat page of “Dormant” the page (4) Questionnaire notation indicates that “NO RESPONSES ARE REQUIRED FOR DORMANT CAPTIVES” with the page optional for completion.

B. 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 in accordance with the Submittal Form(s):

1. A single, *unsecured* PDF with all applicable VCAR Form(s) must be filed for each licensed captive on 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). Electronic signatures and notarizations are accepted.
2. VCAR Form(s) must also be filed in EXCEL format, which agrees to the PDF as submitted.
3. A single PDF copy of executed Vermont Captive Insurance Tax Return (with applicable support) as filed with Vermont Department of Taxes via www.myVTax.vermont.gov (Note: any discrepancies to VCAR (5) PREMIUMS MUST be detailed in the footnote and please file a copy of the amended tax returns as occurs).

IMPORTANT: For Fiscal year-end companies no VCAR filing is due at 12/31, however item 3. above is due. Utilize VCAR (5) PREMIUMS in support of the totals reported on the Vermont Captive Insurance Tax Return.

For Fiscal year-end companies, the VCAR Forms are due 75 days after fiscal year-end, per the instructions above.

C. Where to Submit

In accordance with the Submittal Form(s) please submit unsecured files via Email to: DFR.CaptiveFinancialFilings@vermont.gov.

- Indicate the 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: Signatures and notary are not required for IPC or Supplemental Forms)
- Include both a PDF and EXCEL of the VCAR filing
- All VCARS are required to be submitted with the corresponding VCAR Submittal Form.
- Cover letters are not required unless you have comments or additional details about the filing and should be included in the PDF after the VCAR Submittal Form.

D. 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.

Locked worksheet cells: There are locked (password protected) 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 worksheet, to protect against manual entry impacting formulas and/or linked cells. Note: No sheets should be added or deleted to/from the VCAR as the format correlates directly to our importing unless prior arrangements are made directly with VT DFR.

PLEASE REMEMBER TO:

- Properly roll forward and enter “**Prior**” Year Comparative Financial Information per line descriptions. Note: “**Prior**” should be based on final Audit results of respective period.
- Properly “**Select**” **Company Type** on **JURAT** page, where applicable, as determines the regulatory minimum, or not less than, capitalization.
- Properly “**Select**” **Company Status** on **JURAT** page, where applicable, as determines required pages for completion. **DORMANT** status requires an issued Certificate of Dormancy, otherwise the captive is considered **ACTIVE**, even if all policies are currently in run-off.
- Enter in the Data Entry Table located on the **JURAT** Page beginning (*Line 7, Column K*) for items appear in ‘**green**’: **License #, Licensed Captive Name, Reporting Entity (Supplemental & IPC Forms only), Current Year End and Prior Year End dates, even if there is no prior year data**, as links to all pages and impacts our database import process.
- On the (2) **BALANCE SHEET**, please report applicable balances on **5. Loans to Parent and/or Affiliates** and on **11. Letters of Credit**. Do not aggregate within other balances.
- Please Allocate reporting by specific **Lines of Business (LOB)**, (5) **PREMIUMS**, (7) **UNPAID LOSS & LAE** and (8) **LOSS & LAE PAID & INCURRED**.
- Complete all **Header notes, Footnotes and Explanations – CASH & INV SCHEDULE (Page 2 cont.), (4) QUESTIONNAIRE, (5) PREMIUMS, (6a) REINSURANCE CEDED, (6b) REINSURANCE ASSUMED, (E-1) CELL CONFIRMATION EXHIBIT, and CROSSCHECK.**
- Carefully read and respond to all questions on (4) **QUESTIONNAIRE**, and provide detailed explanations for any discrepancies, as required.
- On (6a) **REINSURANCE CEDED** and (6b) **REINSURANCE ASSUMED**, include full legal reinsurer name, domiciliary jurisdiction and corresponding AM Best number, AM Best 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.
- Include PDF copy of Vermont Captive Insurance Tax Return as filed with the Tax Department, 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 to us. Note: For **DORMANT** status captives, the Vermont Captive Insurance Tax Returns are still due (\$0 taxes) and VCAR (use **VCAR Form**) still must be filed.
- Include VCAR in EXCEL format. Note: PDF and EXCEL versions should be the same.

- Please do NOT add/delete additional sheets to/from the VCAR, as it impacts our import process, unless prior arrangements are made directly with VT DFR.
- If Separate reporting, complete the **VCAR Supplemental Form** for each account.
- For Incorporated Protected Cells, complete the **VCAR Incorporated Protected Cell Form** for each cell.
- For Unincorporated Protected Cells, complete the **VCAR Supplemental Form** for each cell.

Additional filing requirements as well as [Title 8 V.S.A. Chapter 141](#) and [Regulation C-81-2](#) can be found on the VT DFR's website by captive type at:

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

Please refer to the Vermont Domestic Captives Filing Requirements under the [Filing Due Date Checklists](#) located on our website for filing deadlines and additional information.

E. Contact Information

- For VCAR filing questions – Contact:
 - Becky Aitchison (Becky.Aitchison@vermont.gov)
 - Amber Walsh (Amber.Walsh@vermont.gov)
 - Jodi Roy (Jodi.Roy@Vermont.gov)
- 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
 - [captive filings] DFR.CaptiveFinancialFilings@vermont.gov