

INSURANCE JOURNAL

Vermont Celebrates 1,000th Licensed Captive Insurance Company

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Vermont Gov. Peter Shumlin and other state officials announced Thursday that the state's Department of Financial Regulation (DFR) has licensed Vermont's 1,000th captive insurance company.



Vermont's Captive Insurance Deputy Commissioner David Provost, Cassatt CEO Eric Dethlefs and DFR Commissioner Susan Donegan at the event celebrating Vermont's 1,000th captive insurer.

At a Statehouse ceremony Thursday, DFR Commissioner Susan Donegan signed the license for the 1,000th captive insurer, the Cassatt Insurance Group. The company represents a group of nine independent non-profit hospitals in southeastern Pennsylvania that share risk in providing medical liability coverage for 1,200 physicians.

Gov. Shumlin said the captive industry is an example of a public-private partnership that has created huge dividends for Vermont's economy.

Vermont's captive insurance industry generates millions in taxes and employs more than 1,400 full and part time jobs, primarily in captive insurance management, accounting, law, banking and investment. The industry also generates tourist traffic since all captive insurance companies are required to hold annual board meetings in Vermont.

"The captive insurance industry has generated almost \$350 million in direct taxes and fees to Vermont's coffers since its inception in 1981," Shumlin said. "It is exactly the type of industry that is a priority of my administration. It creates high paying jobs, has minimal impact on our environment, creates tourist traffic and generates much needed tax revenue."

DFR Commissioner Donegan said this occasion marks a milestone in the state's financial services history.

"Vermont's captive insurance law has been called the 'gold standard' by trade press for its consistency in keeping pace with the changing needs of the industry over the past 32 years and it has been used by other domiciles as a model of regulation," Donegan said, "Vermont is proud of its reputation in the captive world and we're happy to welcome Cassatt to the Vermont captive family."

The captive insurance has been a part of the Vermont insurance industry since 1981, when Vermont passed the Special Insurer Act. Before that law was adopted, most captives were incorporated outside the U.S. Captive insurance companies are typically used for corporate lines of insurance like property, general liability, products liability, or professional liability.

Growth sectors of the captive insurance industry include professional medical malpractice coverage for doctors and hospitals, and there is a continued trend of small and mid-sized companies forming captive insurance companies.

There are now more than 30 states with captive insurance authorizing legislation.

Vermont is the largest captive insurance domicile in the U.S. and the third-largest in the world in terms of sheer numbers. Vermont officials said the state's captive insurance companies wrote more than \$26 billion in gross premium in 2012, which was the most of any domicile in the world.