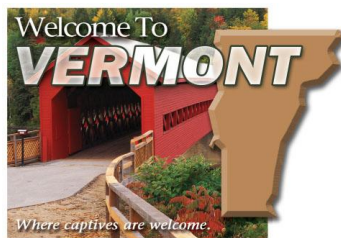


Vermont Bill Would Update State's Captive Cell Legislation

National Underwriter P&C [March 28, 2011](#) By [Caroline McDonald, PropertyCasualty360.com](#)

Vermont is proposing changes to its captive-insurance law as part of its annual enhancements to its captive statute, according to the Dept. of Banking, Insurance, Securities and Health Care Administration (BISHCA).



The proposed bill, H438, expands Vermont's captive laws to allow cells within a sponsored-cell captive to be formed as incorporated protected cells. Vermont currently allows protected cells created by contract alone.

Dan Towle, Vermont's director of Financial Services, tells *NU* that the bill is sponsored by the committee of Commerce and Economic Development.

After the bill is introduced, he expects it to be assigned to the Ways and Means Committee. He adds that the bill "updates and expands our cell legislation. We're going to allow incorporated protected cells. The cell market is matured, and in keeping with that, we're updating our laws to respond to the need in the marketplace."

He says the bill should move quickly, as it is a component of a larger package including health care. "We've had nothing but support from the governor and the legislature on all of our captive initiatives."

David Provost, deputy commissioner of Vermont's Captive Insurance Division, says in a statement, "This presents another option for a cell owner in addition to cells created by contract alone. We've heard from the captive industry that they wanted the option of having incorporated

cells. This legislation does just that, without limiting any rights or protections afforded by cells created by contract.”

Another change has been proposed to create greater flexibility within cell structures. Under the proposed change, business written by a sponsored captive will no longer have to be fronted, reinsured or secured by a trust. This requirement will be at the discretion of the commissioner.

Vermont [saw a strong 2010](#) with the licensing of its 900th captive insurance company, BISHCA notes.