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Vt. Reports 41 New Captives in 2011

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Vermont increased its number of captive insurance groups in 2011 from the two previous years as the state continues to see growth in that industry, capturing six captives that were domiciled elsewhere.

The state released its figures today saying in 2011 Vermont licensed 41 new captive insurance companies, bringing the total number of licenses to 952, according to data released by the Vermont Banking, Insurance, Securities and Health Care Administration (BISHCA).

Last year the state announced it licensed 33 new captive insurance companies in 2010, down from the 39 it licensed in 2009.

The top industries licensing captives in the past year in Vermont were insurance, hospitals and medical groups and manufacturing. Vermont also had activity in risk retention groups, which continue to be a growth sector, BISHCA says.

Of those licenses in 2011, 30 were single parent captives, with six risk retention groups (RRG), three were sponsored, one an industrial insured, and one an association captive. 2011's new captive insurance licensees brings Vermont overall total to 952 with 590 active captive insurance companies, according to BISHCA.

In an interview, Daniel Towle, director of Financial Services for the state says that Vermont is seeing a surge of growth, which he says is the result of its established reputation as a domicile.

"We're pleased. We feel like the more things change, the more they remain the same," Towle says. He notes that of the 41 captives formed, two were in the energy industry, six in healthcare, five in manufacturing, 11 in insurance and four religious institutions.

He adds that there were six redomestications to Vermont, from both onshore and offshore domiciles.

Towle also notes that Vermont is the leader in RRG's "and that trend has been a constant. Another area of growth has been in redomestications of existing captives from other states and jurisdictions. We continue to hear that Vermont provides the greatest value for your captive insurance company," Towle says.

As 2012 begins, two new captives have been licensed and there are already four applications pending according to Towle. "The overall market may be soft, but it is also very dynamic and we expect good things to come from 2012."

"One of the most exciting aspects of 2011 and a perennial key to our success is the high quality of companies that we are privileged to work with," David Provost, Vermont's Deputy Commissioner of Captive Insurance says in a statement. "We're also seeing the state's continued investment in staff helping us continue to provide outstanding customer service. That's very much a part of what keeps Vermont the Gold Standard."

Despite the soft market, each quarter of 2011 had steady growth, he says.

Captive insurance is a regulated form of self insurance that has been around since the 1960's, and has been a part of the Vermont insurance industry since 1981, when Vermont passed the Special Insurer Act.