

— 40 years  
of captive  
insurance  
success. —



Presentation to the National Council of Insurance Legislators  
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# Presenters

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# Vermont- the Leading U.S. domicile

- Over \$30 billion in gross written premium in 2020
- \$197 billion in assets at year-end 2020
- 40-Year captive domicile history
- 1,220 captives licensed as of July 2021
- Leading domicile for Risk Retention Groups (formed under a Federal Act)
- Expertise, Infrastructure, Innovation = the “Gold Standard”

# What is the VCIA?

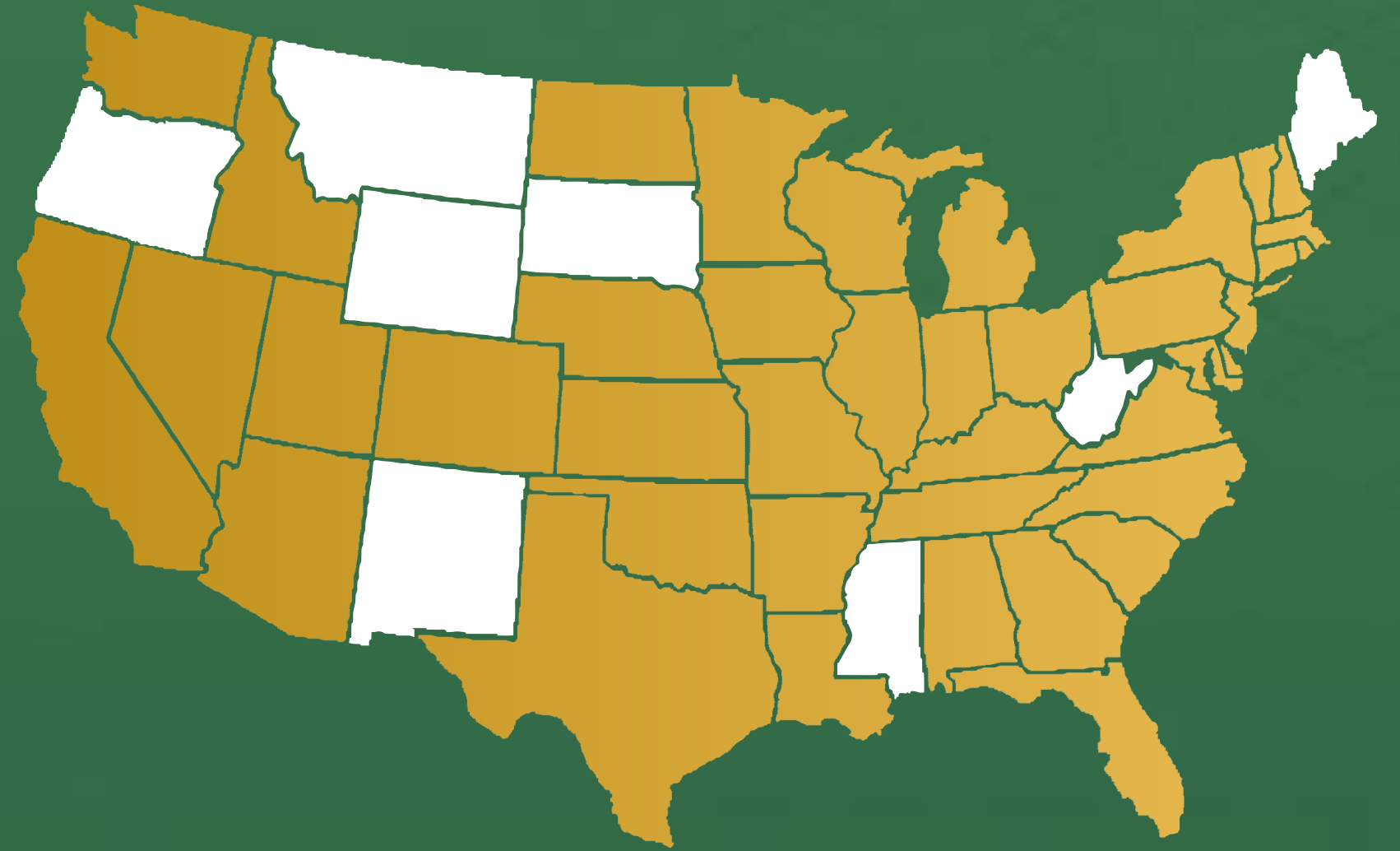
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- The world's largest trade association for captive insurance
- A vibrant association with nearly 400 member organizations
- A great place to meet & learn from like-minded captive professionals
- A provider of top-quality education
- An organization representing your best interests through effective advocacy



VCIA  
members  
from *nearly*  
*every* state!



VCIA members come from almost every state, plus Switzerland, Japan, England, and others

# What is a captive?

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- A limited purpose insurance company
- Licensed and regulated in a single domicile
- Formed to insure or reinsure the risk of the captive owner(s)
- Controlled by its owner(s)

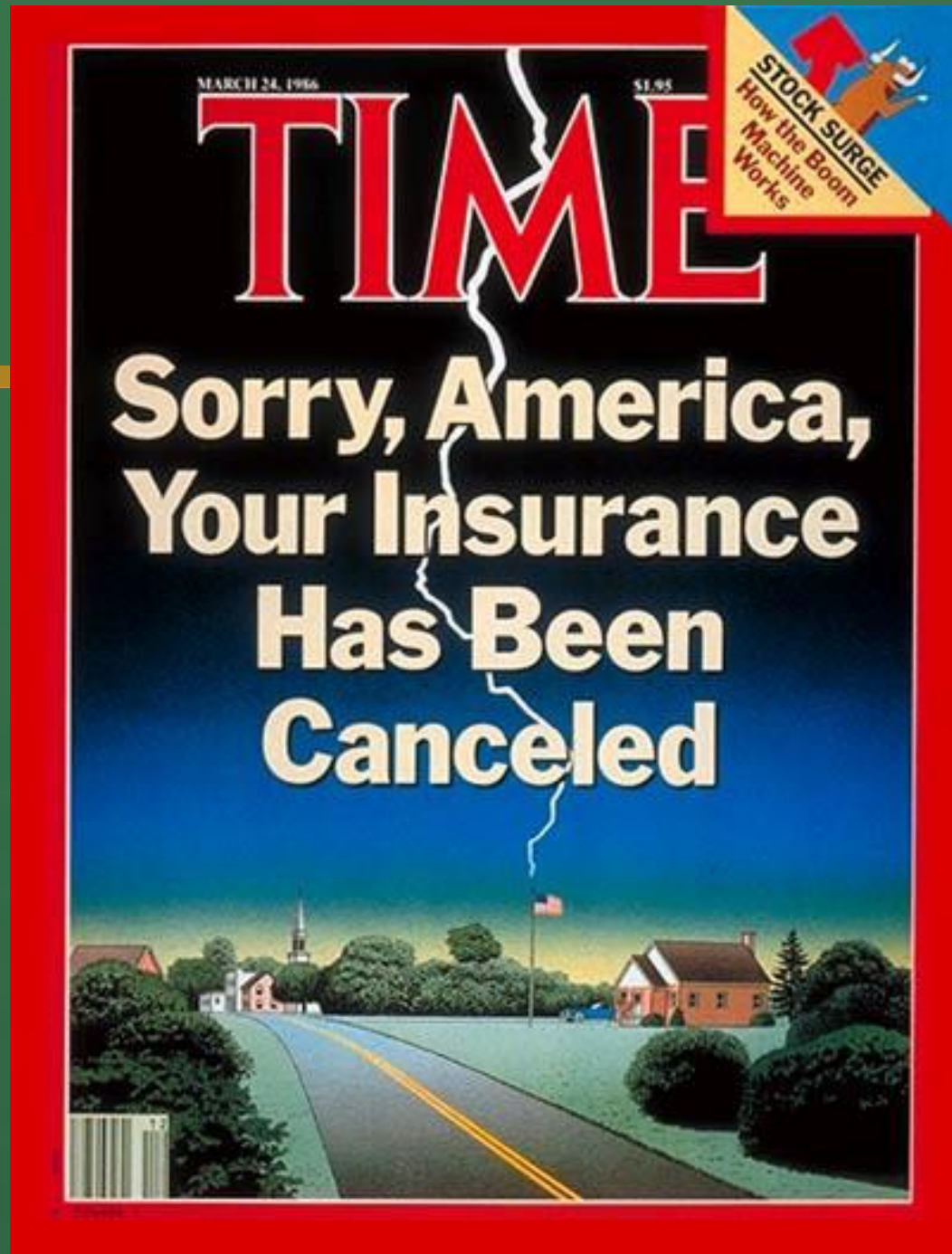
# Similarities to traditional commercial insurance companies

- Licensed as an insurance company
- Sets insurance premium rates for the risks it chooses to underwrite
- Writes policies for the risks it insures
- Collects premiums and pays out claims made against those policies

# Captive vs. Traditional Insurance

	Captive	Traditional
<b>WHERE ARE THEY LICENSED?</b>	Licensed in state of domicile	Licensed in all states whether domiciled or writing
<b>WHO DO THEY INSURE?</b>	Parent, affiliated, or controlled risks	Public
<b>REGULATORY AUTHORITY?</b>	Focused on a business plan and solvency. Only certain types follow NAIC accreditation.	Follow NAIC accreditation
<b>DO THEY HAVE EMPLOYEES?</b>	Maybe, but likely service providers	Yes





Why  
form a  
captive?

# Why form a captive?

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Control	Financing	Market
<ul style="list-style-type: none"><li>• Coverage</li><li>• Availability</li><li>• Claims handling</li><li>• Risk monitoring</li></ul>	<ul style="list-style-type: none"><li>• Ultimate cost</li><li>• Embedded profit</li><li>• Cash flow</li><li>• Tax implications</li></ul>	<ul style="list-style-type: none"><li>• Insulation</li><li>• Access to reinsurance</li></ul>

# Thank You!

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