

## TMG's Crouse Examines This Year's Legislative Efforts

As state legislatures begin to wind down their work for 2010, now is a good time to take a look at measures that may impact captive insurers and their parent companies. Len Crouse, principal with The Towner Management Group and a pioneer in the U.S. captive insurance industry as a long-time former Vermont regulator, comments: Vermont

The leading domicile in the U.S. continues to fine-tune its captive statutes. Foremost among a handful of probable changes, which are likely to become law, include a decrease in associations' minimum paid-in capital from \$750,000 to \$500,000, a provision that allows sponsored captives to form as non-stock mutual companies and other measures that make mergers and consolidations easier. This last point is particularly important for Vermont captives that want to bring in existing captive business from another domicile to Vermont.

### South Carolina

This fast-growing domicile has two bills waiting to go through the process. The first is a compliance-related bill that makes it mandatory that all RRGs comply with NAIC accreditation standards. The second cleans up previous statutes to better protect separate cells.

### Kentucky

HR 241, already passed, lets captives organize as limited liability companies and non-stock corporations, bringing these areas into line with how other domestic domiciles treat these issues. This law also gives the state's governing department the power to disapprove dividends, provides more reinsurance options and requires captives to file a detailed investment plan annually.

### New Jersey

While not technically a captive domicile, it won't be for lack of trying. Gregg Sgambati has founded the New Jersey Captive Insurance Association, which is encouraging the state legislature to pass captive insurance legislation. If passed, Sgambati expects captive insurers to take advantage of the state's proximity to financial and business centers, while increasing state revenues.

If you have questions about these or other legislative issues and how they might affect your business, contact Len at [Len.Crouse@townermanagement.com](mailto:Len.Crouse@townermanagement.com) or another TMG expert at the phone numbers or email addresses below.