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TMG Applauds Vermont Proposal to Expand Protected Cell Laws

Burlington, VT—Despite 900 captive insurance licenses and counting, Vermont continues to explore fine-tuning its captive statutes. This year, sponsored cell captives may be the beneficiary, further expanding the domicile's reach in the captive insurance industry.

"The proposed changes help keep Vermont in the forefront of captive insurance development," says Len Crouse, a Principal with The Towner Management Group in the U.S and a former long-time Vermont captive regulator.

"Liberalization of sponsored captive cell laws should help attract a growing segment of the industry—the mid-sized and small business market. This is a very hot topic."

H438 would broaden legislation related to protected cells within a sponsored captive in three ways:

- Protected cells may incorporate. Presently, Vermont allows only contract-created cells. According to a statement, Vermont Deputy Commissioner of Captive Insurance David Provost asserts that the legislation would not limit rights or protections of contract-created cells.
- The types of companies allowed to sponsor cells would be expanded.
- Business written by sponsored captives will no longer require fronting, reinsurance or security through a trust, at the discretion of the commissioner.

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