

Start Strong, Stay Strong: Licensing, Business Plan Changes & Exams in Vermont

Q1 Webinar

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Presenters



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Agenda

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Regulatory Framework & Strategic Initiatives

Communication, guidance & operational efficiency

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Licensing

Overview, best practices, updates & reminders

3

Business Plans

Submissions, justifications & new guidance

4

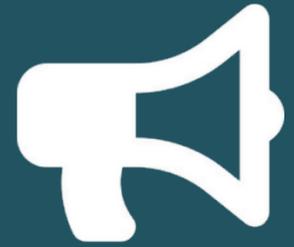
Exams & Analysis

Process overview, best practices & timeline

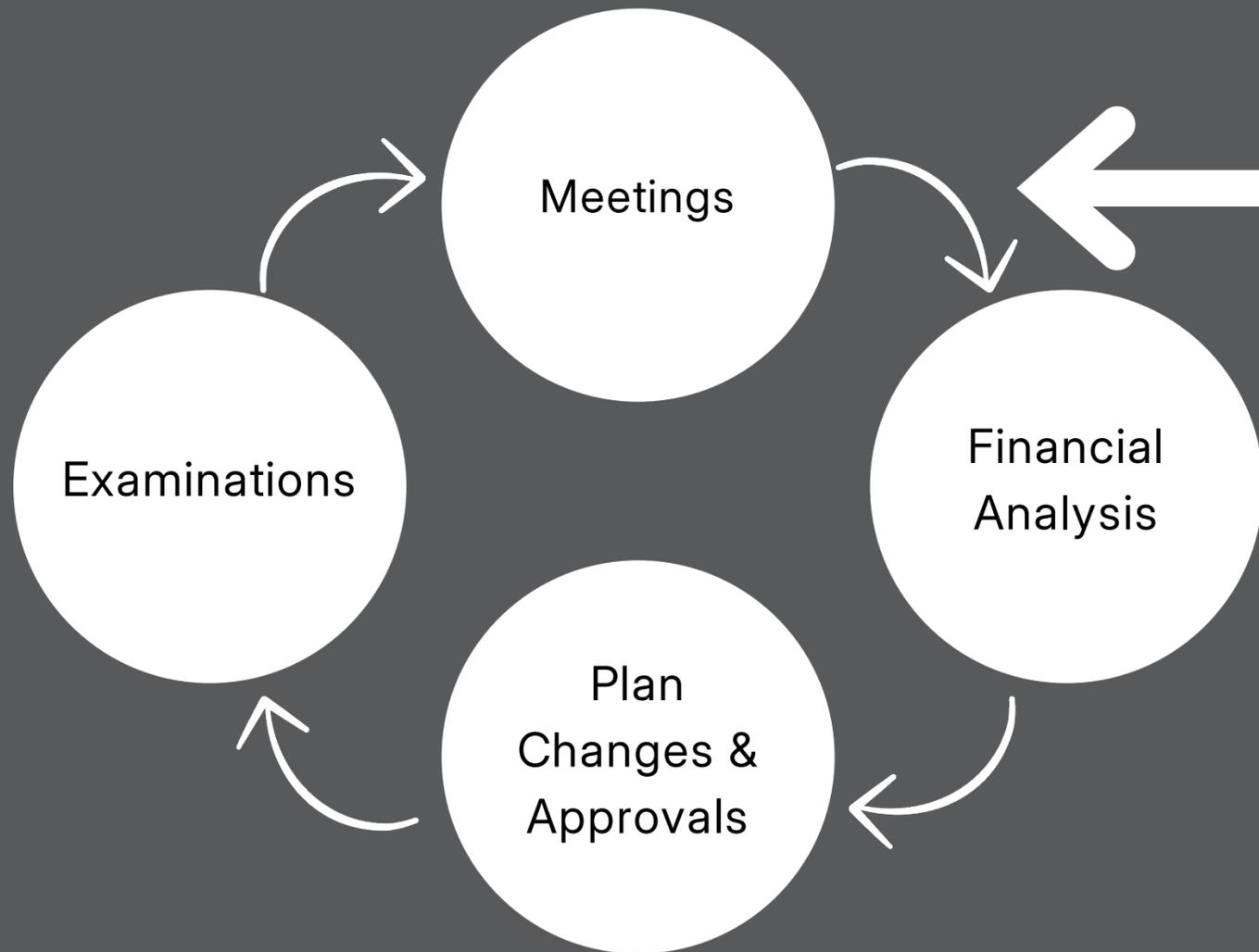
01

Regulatory Framework & Strategic Initiatives

Communication, Guidance, and Operational Efficiency



Mission | Outcomes | Impact



- * Attract quality business
- * Promote the reputation of the industry
- * Ensure solvency while recognizing the special purpose

Strategic Initiatives



Enhanced Communication

- Improved channels with captive managers
- Broader engagement with the Vermont captive industry



Regulatory Guidance

- Concentrated focus on updating existing guidance
- Issuing new regulatory and technical guidance



Operational Efficiency

- Continued attention to all functions
- Legislative improvements
- Your feedback is welcome — reach out anytime

02

Licensing

Overview, Best Practices, and Updates



Licensing

Overview

The licensing function is the gateway to establishing a captive insurance company in Vermont. Our team works with applicants and managers through the formation process.

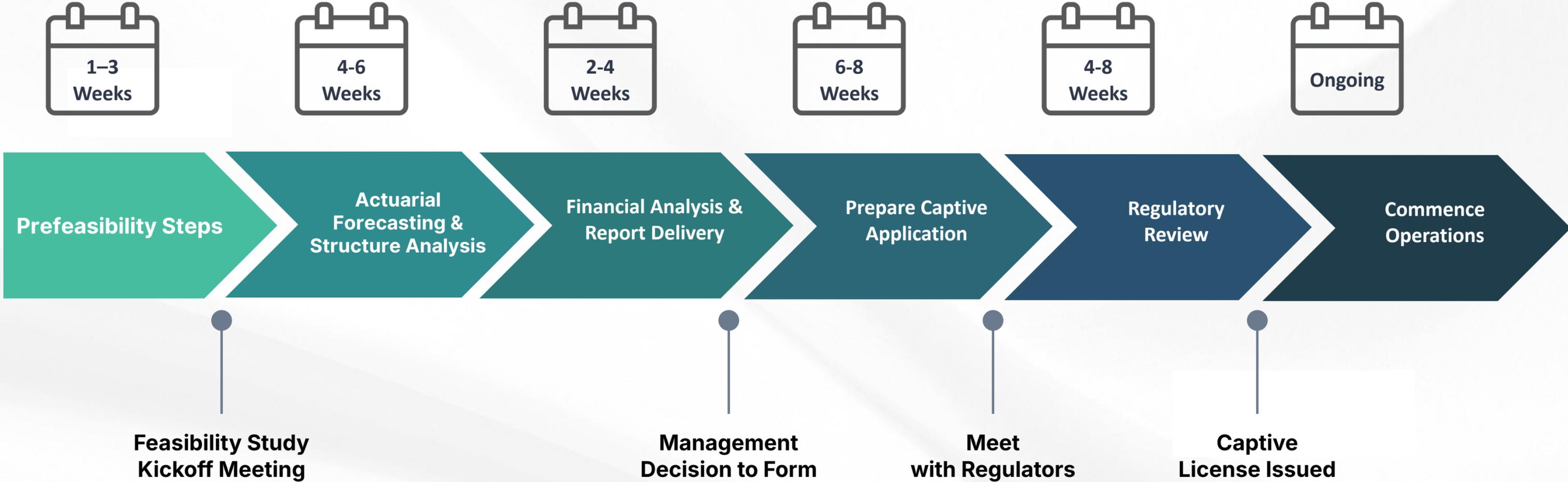
Updates & Reminders

- Plan ahead and consider things that you can do that make our review easier

Best Practices

- Early and ongoing communication with our team
- Understand the formation timeline
- Ingredients of a well-prepared application

Feasibility to Formation Timeline



Key Elements of Captive Application

- Feasibility Study
- Detailed Plan of Operations
- Five-Year Pro Forma Financial Statements
- Draft Policies/Reinsurance Agreements
- Articles of Incorporation & Draft Corporate Documents
- Board of Directors & Biographical Affidavits
- Draft Service Agreements
- Parent/Ultimate Parent Financial Statements

03

Business Plans

Submissions, Justifications, and New Guidance



Business Plans

Overview

Business plan reviews ensure captive operations align with regulatory requirements and sound business practices.

Updates & Reminders

- Timing goals and what to do if you have not heard from us
- New guidance on plan changes and reinsurance

Best Practices

- Sufficient support and justification for any request
- Initiate submissions through CaptiveMail
- Reach out if you have questions

Coverage & Limit Changes

What to Include | What We Consider

Current Program Snapshot

- Description/limits
- Reinsurance/net retention

Proposed Changes

- Proposed coverage + limits
- Effective date
- Business rationale

Financial & Structural Impact

- Funding impact analysis
- Reinsurance (if applicable)
- Actuarial support (as appropriate)
- Financial projections – if material change



Funding + Solvency

- Adequacy of funding
 - Confidence level
 - Market pricing
- Post change surplus position
- Liquidity considerations
- Impact on Solvency Ratios
 - Reserves : Surplus
 - Premium : Surplus
 - Net Retention : Surplus
- Parent financial strength
- Overall change in risk profile

04

Exams & Analysis

Process Overview, Best Practices, and Timeline



Exams & Analysis

Overview

- Necessity and value proposition of the examination process
- Exams ensure regulatory compliance and protect stakeholders

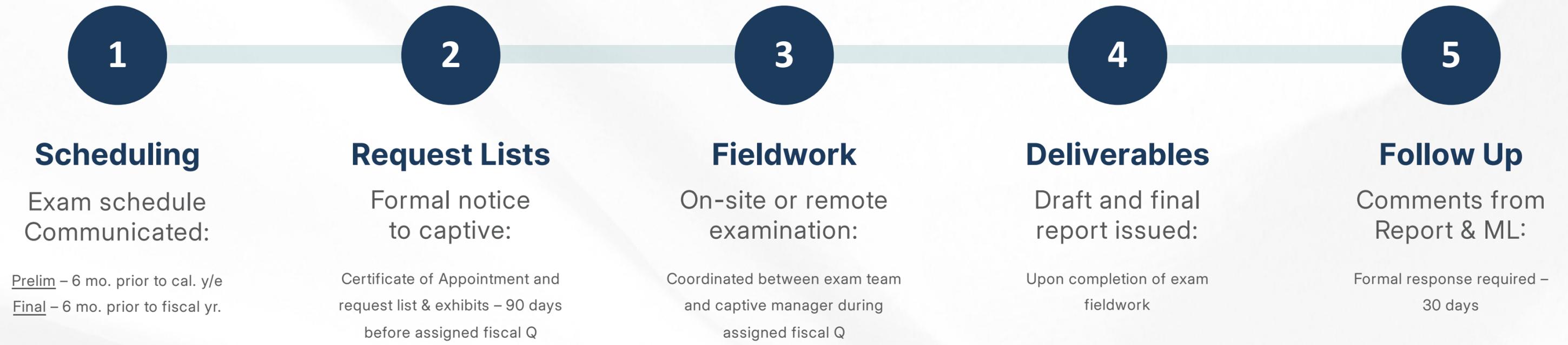
Updates & Reminders

Reminders of timing for scheduling, notifications, request lists, fieldwork, and deliverables

Best Practices

- Provide notification and request list information as early as possible
- Meet the team, understand the process, and ask questions
- Provide timely responses to requests — even if just to let the team know something is on your radar

Exam Process Timeline



Key Reminders

- Provide notification and request list info as early as possible
- Provide timely responses — even if just to acknowledge receipt
- Meet the exam team early and ask questions throughout the process

Questions?



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