

P & P CAPTIVE NEWSLETTER

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PRIMMER & PIPER
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MONTPELIER OFFICE:
100 EAST STATE STREET
P.O. BOX 1309
MONTPELIER, VT 05601-1309

TELEPHONE 802-223-2102
FACSIMILE 802-223-2628

BURLINGTON OFFICE:
150 SOUTH CHAMPLAIN STREET, SUITE 4
P.O. BOX 1488
BURLINGTON, VT 05402-1488

TELEPHONE 802-862-2512
FACSIMILE 802-862-3286

ST. JOHNSBURY OFFICE:
421 SUMMER STREET
P.O. BOX 159
ST. JOHNSBURY, VT 05819

TELEPHONE 802-748-5061
FACSIMILE 802-748-3976

We first published the following article, "The Company We Keep," in 2001 to comment on the proliferation of U.S. captive domiciles. That trend has continued at a vigorous pace, and we think it appropriate at this juncture to take further stock of Vermont's position among the ever-growing list of captive states.

The current hot topic is the tension between creative program structures and responsible regulation. Vermont has never seen these features as mutually exclusive. However, there is a growing concern that the fundamentals of insurance regulation have not been given adequate consideration elsewhere. This concern affects all captives and RRGs regardless of domicile because of the risk of regulatory over-reaction in the face of significant solvency problems. Every captive and RRG has a vested interest in assuring appropriate regulatory systems are effectively implanted.

Currently, the NAIC is working with Vermont and other respected captive domiciles to address whether there should be consistent standards for captives and those who regulate them. This is quite a turn-around from the accreditation fight in the mid-'90s. The reasons for Vermont's leadership – widely recognized by the NAIC and the industry – are not mysterious, but we believe they are worth revisiting from time to time.

THE COMPANY WE KEEP

[Reprinted from our April 2001 edition, with current annotations added.]

The number of states adopting captive insurance statutes continues to grow. Two decades ago there were basically three domiciles. Colorado and Tennessee had been in place for a few years, and Vermont joined their ranks in 1981. At last count, there are now 20 states or U.S. territories purporting to encourage captive formation, with legislation pending in a couple of

others. *[Today this number is closer to 30.]*

Is this a good thing? Those subscribing to “the more the merrier” philosophy argue that competition among domiciles is inherently good, and that there is no downside to the broadest possible choice. These same proponents point out that there are already 50 separate states regulating insurance, and that self-insurers would be better off if each of the states were familiar with how captives operate.

The flip side is put forth by those concerned about the dilutive effect of a proliferation of domiciles. They worry that the infrastructure required for a good captive domicile – the owners’ associations, regulators, managers, professionals and financial institutions – will diminish in quality from too wide a dispersal of talent. They argue that traditional regulation and captive regulation are entirely different, and that there is great risk of the captive regulation being dominated by the traditional side.

Obviously there is merit on both sides of the debate, and only time will tell whether a particular state is indeed a reliable captive domicile. We believe the approach adopted this past March *[2001]* by CICA is well thought out, and probably the best way to analyze the issue. In effect, CICA welcomes any state to the circle of captive regulation, but admonishes all entrants to take their responsibilities seriously.

A few Vermont-domiciled captives whose parents’ headquarters are located in states that have recently enacted captive legislation have been approached by economic development or regulatory

personnel in those states to “come home,” i.e., to move their captive to their headquarter state. We’ve heard of these entreaties directly from some clients, and no doubt others have been approached but have not told us about it. Primmer & Piper obviously is highly biased in commenting on this issue. Not only are our economic best interests served by having our clients stay here, but we have worked and fought hard, along with others, to help preserve Vermont as the preeminent domestic domicile. But we won’t let our bias get in the way of raising a few questions we believe a captive should consider before deciding on a move. *[Or where to locate at the outset.]*

1) *Does the domicile show a balanced interest between economic development and first-rate regulation?* If a state suggests it only wants to create a good regulatory climate, without economic benefit, don’t believe it. And if a state is so intent on developing its economy that it is willing to compromise basic safety and soundness principles, trust it even less. *[Vermont has, in our view, consistently made clear its commitment to responsible regulation over desire for new business.]*

2) *How did the state treat captives before it became a captive domicile?* Some states have only recently found religion on captives, coinciding with enactment of their captive law. This may show that fondness for captives is an acquired taste, but not one bred in the bones. How a state has voted over the past several years at the NAIC on various issues, such as fronting, accreditation, risk retention regulation, result-oriented regulation, etc. can be very instructive as to how they will react to peer-

pressure from the NAIC in the future. *[For a good example, see our article later in this edition about recent Nevada legislation.]*

3) *Where do the captive regulatory personnel come from?* Captive regulation is indeed different from traditional regulation. If the captive director of a state comes from long training on the traditional side, her or his instincts may need some adjustment before they can fully embrace captive goals. It's not impossible, as we've seen from experience. But don't expect it to happen overnight. *[Len Crouse, Derick White, Peter Raymond, and their staff remain unmatched in terms of experience, talent and expertise.]*

4) *How does the state treat captives domiciled in other states?* If a state is a favorable captive domicile, it treats all captives fairly, not just those for which it is the primary regulator. A state that discriminates, either in law or in practice, based on domicile is not captive-friendly. This should be kept in mind when a captive is "recruited" from another state with the promise of better treatment at home.

5) *What is the state's commitment to keeping its laws in the vanguard?* If a state is not able to obtain frequent legislative improvements, annually if called for, it will simply not be competitive. Indeed, the legislature needs to consider itself a partner to the captive industry. Vermont's legislative leaders not only ask regularly what they can do to help, but they have operated through the National Council of Insurance Legislators to block the NAIC's efforts to interfere with effective captive regulation. *[In 2004, Vermont's captive statutes were*

updated to accommodate emerging trends. Our Legislature responds to industry and regulatory issues nearly every year.]

6) *What is the state's commitment to training, developing, compensating and expanding its regulatory personnel?* Without a commitment to maintain a regulatory structure that expands to match the growth in captives, the state will fail to fulfill its responsibility to the companies. The key to good captive regulation is hands-on familiarity with the company and its business plan. Lack of personnel means lack of access, and inevitable delays in needed approvals, etc. The legislative and executive branches need to be committed to that growth. *[Len's team has grown dramatically over the past five years in direct response to the growth of the number of Vermont captives. Both the Administration and Legislature have provided full support.]*

7) *Can the state be depended upon for consistency in its approach?* The principal issue for a company considering a particular domicile is whether a state can be relied upon in the long run to defend itself and its domiciled captives during fluctuations in regulatory and market climates. Fickleness has blemished the credibility of captive domiciles in the past, and will do so in the future. *[Vermont standards remain high and are well understood. Many captive owners appreciate the steady hand on the tiller.]*

8) *What is the infrastructure for support of the individual captives?* Twenty years ago potential captive owners worried whether Vermont had sufficient depth and breadth of service providers to support a growing industry. Even more important was the need

to develop the critical mass of owners and risk managers to serve as a clearinghouse of captive issues. There is no doubt that development of a captive community, within which is a mutual trust and respect, and which is willing not only to share knowledge, but also join forces in regulatory or legislative battle, is crucial to a state's long-term viability as a captive domicile.

We noticed that one new domicile claims that its insurance department is one of the highest-rated by the NAIC. We did not know that the NAIC rated states, except to grant or deny accreditation. But it's worth noting that not too many years ago the NAIC considered Vermont as one of the worst, and sought to deny its accreditation. Why? Because it fought tooth-and-nail to prevent the NAIC from doing harm to captives. It is a different NAIC now, and indeed Vermont's *[former]* Commissioner Costle chairs the accreditation committee *[2001]*. But will it remain so? Time will tell, but despite changes in the wind at the NAIC, Vermont will be steadfast in its advocacy of captives. *[Currently, the NAIC is looking to Vermont as the recognized industry leader for help with developing consistent standards for captive regulation.]*

9) *Is there a strong captive trade association?* In Vermont, the VCIA has supported the captive industry for twenty *[now 24]* years. Its leadership can proudly take credit for the numerous improvements to Vermont's captive infrastructure, including the passage of key changes to the captive law and making sure that the captive regulatory division receives adequate funding from the Legislature. *[For*

example, in 2003 the VCIA formed the International Center for Captive Insurance Education, or ICCIE. The ICCIE's curriculum, developed in conjunction with the University of Vermont, is designed to ensure a growing pool of qualified captive insurance professionals.]



NEWS FROM THE VERMONT STATE HOUSE: PARTISAN POLITICS MAR ADJOURNMENT

On June 4, the Vermont General Assembly adjourned its fourth longest session on record. Partisan politics emerged late in the session, which was dominated by health care reform. The rhetoric which emanated from the Democratically-controlled Senate and House, and Jim Douglas, our Republican Governor and his Administration, reached a crescendo not heard in Vermont in recent memory. Soon after adjournment, lawmakers reconvened for a one-day special session to avoid a veto of the budget bill.

Despite the partisan turmoil, a bill containing several modest revisions to the captive code made its way through the legislative process. On June 1, the Governor signed into law Act 32 (S.62), the captive provisions of which became effective on that date. The bill, supported by the Department of Banking, Insurance, Securities and Health Care Administration, contained a series of primarily housekeeping amendments.

The Act outlines and provides for a more streamlined process of conversion of for-profit captives to the nonprofit form; exempts Vermont captive insurance companies from certain provisions of Vermont's nonprofit

corporation statutes; gives the Commissioner discretion and authority to waive investment restrictions for certain association captives and risk retention groups; and permits alternative forms of security for branch captives.

Lawmakers came to the 2005 General Assembly armed with a perceived mandate to reform health care delivery. Tension arose from attempts to provide broad coverage for health care services and, at the same time, mitigate the double-digit premium increases businesses have faced over the past several years. It was believed that doing nothing was not an option, as health care costs continue to spiral out of control. A massive effort produced a proposal for universal coverage for all Vermonters. The framework calls for immediate steps to address the state's uninsured population, then gradual expansion of a state-run Green Mountain Health Plan.

The Governor's opposition to the reform bill (H.524) focused on the initial financing mechanism (a combination payroll and income tax). The expected result was a veto, which the Governor exercised in June. Anticipating that result, Legislators funded several ongoing studies related to health care which will continue regardless of a vote on the veto next winter.

Legislators have long heard of the benefits captives have brought to businesses and groups subjected to the vagaries of the traditional market. They have also heard of the recent formation of captives among hospitals, doctors and other health professionals. Legislators directed the

Administration to facilitate discussions among interested parties to consider whether Vermont health care professionals might obtain medical malpractice coverage from an existing or new captive facility.

Despite the Governor's veto, further action may be considered this summer and fall under the auspices of a special commission. The debate is sure to continue.

TREASURY REPORT ON THE TERRORISM RISK INSURANCE ACT

On June 30, the U.S. Department of the Treasury ("Treasury") presented Congress its assessment of the Terrorism Risk Insurance Act of 2002 ("TRIA"). Treasury addressed the effectiveness of the program, the likely capacity for terrorism risk after the expiration of TRIA, and the availability and affordability of terrorism risk insurance. Treasury concluded that TRIA was effective during the transitional period in the economy following September 11, 2001. However, John Snow, Secretary of the Treasury, stated in a letter accompanying the report that the Bush Administration opposes the extension of TRIA in its current form.

The Administration will consider an extension of TRIA only if the size of an event that triggers coverage is increased to \$500 million, the insurer deductibles and co-pays are increased, certain lines of insurance coverage (commercial auto, general liability and other lines that are less subject to this risk) are eliminated, and the litigation rules under TRIA are reformed. Treasury's report and the Administration's position signal a difficult road ahead for proponents of the Act's extension.

Treasury's Principal Findings. Treasury surveyed the industry and found that TRIA was effective in achieving its purposes because it allowed policyholders and insurers to adjust to the post-September 11th environment and allowed insurers to increase their financial strength. Policyholder election (or "take-up") of terrorism insurance increased from 27% to 54% during the survey period. Insurers writing terrorism insurance increased from 73% in 2002 to 91% in 2003. Overall, the average cost for terrorism risk insurance decreased from 4% of premium in 2002 to 2.7% in 2004. In addition, industry surplus increased 33% from the third quarter of 2001 to 2004.

Treasury noted that Insurers will likely consider the effect on solvency from terrorism losses and the possibility of ratings downgrades absent the federal reinsurance subsidy, and possibly reduce terrorism capacity and increase the price. Treasury downplays these possibilities, however, concluding that TRIA's current form "crowds out development of some reinsurance markets, and delays the development of private capacity." In any event, nearly 50% of the insurers surveyed reported that they would not provide terrorism coverage in 2006. Treasury concluded that the immediate effect of TRIA's expiration would be less coverage, higher premiums and lower policyholder take-up.

TRIA and Captives. Treasury specifically noted that captive insurers face low insurer deductibles under TRIA because they typically write comparatively little premium. Treasury was concerned that TRIA

encourages the use of less diversified captives. Data indicated that about 3% of policyholders purchased terrorism risk coverage through a captive in 2004, increasing to 8% in 2005. Treasury reiterated that it would not pay the federal share of compensation, in whole or in part, should it determine that an insurer's claim for federal payment had been designed to circumvent the purposes of TRIA.

Future of TRIA. Although inclined to let the free market reign, the Administration has left the door open to a temporary extension of TRIA under certain conditions. Senator Richard Shelby, Chairman of the Senate Banking Committee, has also indicated that he might consider the extension of TRIA. Additionally, on July 20, Alan Greenspan told the House Financial Services Committee that the current risk of terrorism cannot be borne by the private insurance market, and that some government backing must be involved. There is little doubt that Treasury's report will spur a lively debate in the coming months. We will continue to monitor these issues and provide updates as appropriate.

FEDERAL SMART INITIATIVE GAINING MOMENTUM

As we reported in December 2004, the draft federal State Modernization and Regulatory Transparency Act ("SMART") would fundamentally change the way insurance companies are regulated. It has also sparked intense debate within the industry. Insurers, insurance trade associations, and regulators agree that the insurance regulation system should be modernized. Interested parties disagree, however, about

what the revised system should look like. Controversy and questions abound as work on SMART, which is still in draft form, continues in the U.S. House Financial Services Committee.

“SMART is dumb,” said Walter Bell, representing the NAIC at the Federation of Regulatory Counsel/American Bar Association SMART seminar in Boston last month. He emphasized three problems with the current draft: questionable legality of the federal preemption; negative financial impacts on states resulting from the loss of revenue from premium taxes; and loss of local control of unique, state-specific insurance issues.

Other participants also expressed significant concerns about SMART. Gary Hughes of the American Council of Life Insurers, while enthusiastic about reforms that would increase product speed to market and modernize the market conduct mechanism, expected SMART to trigger extensive litigation because interpretation and enforcement mechanisms were lacking in its language. Roger Schmelzer of NAMIC expressed concern about a shift in regulation from insurance commissioners to legislators, and the wisdom of preempting state law. NCOIL representative Craig Eiland voiced strong opposition to SMART due to federal preemption and the abrogation of state control.

On June 16, the U.S. House Financial Services Committee’s Subcommittee on Capital Markets, Insurance, and Government Sponsored Enterprises took testimony on the SMART draft. Diane Koken, NAIC President and Pennsylvania

Insurance Commissioner, testified that moving regulation from the state to the national level would seriously threaten the consumer’s ability to seek redress, and also create regulatory confusion that would negatively impact the insurance industry. She urged Congress and the insurance industry to work with the NAIC to support state-based reforms which, she stated, were already underway. She also provided an updated version of the NAIC “SMART Act Review Team” report, a copy of which can be provided upon request.

Several witnesses testified in favor of some version of SMART. Nathaniel Shapo, a lecturer at the University of Chicago Law School, and formerly the Illinois Director of Insurance, argued that advances in sophisticated financial regulation rendered the McCarran-Ferguson Act obsolete. He suggested that future drafts of SMART should emphasize reforming price control regulation, returning the insurance industry to a free market where prices would be adequately controlled by competition. Lee Covington, also a former commissioner, praised the NAIC’s efforts in developing its model laws, but asserted that federal participation was needed, and a law like SMART could help to overcome obstacles to collective action that have hampered the NAIC’s initiatives.

SMART has sparked extensive debate about whether insurance reform is needed and what form it should take. Progress continues and seems to be gaining momentum. The draft Act can be found at: www.fsround.org/statemodandregtransparencyact.html. The American Bar Association has posted a useful summary of the Act at:

www.aba.com/aba.com/aba/documents/abia/ins-summary.doc

IRS REVENUE RULINGS

The Internal Revenue Service has provided further guidance on what constitutes "insurance" for purposes of determining an insurer's tax status and whether premiums will be deductible. Revenue Ruling 2005-40, released June 17, discusses four scenarios focused on identifying risk shifting and risk distribution, all in the context of affiliated companies.

In the first scenario, a courier transport business insures its automobile fleet with a single insurer of which it is the only insured. In the second scenario, the same insurer also provides coverage to another party which accounts for 10% of its risks and premiums. In scenario three, the insured courier operates through twelve wholly-owned and tax-disregarded limited liability companies and is insured by a single insurer of which it is the only insured. Finally, scenario four is the same as scenario three, except that the limited liability companies opt for separate tax treatment.

The Revenue Ruling holds that none of the first three scenarios constitute insurance, either for insurer tax treatment or for deductibility because the arrangements lack risk distribution. The fourth scenario, where the insured's business was conducted through twelve non-consolidated subsidiaries, does constitute insurance.

The Internal Revenue Service has also recently issued Notice 2005-49, soliciting

comments on four aspects of captive insurance taxation: 1) factors to be taken into account in determining whether a cell captive arrangement constitutes insurance and, if so, the mechanics of applicable tax elections; 2) circumstances wherein premium "loan backs" would affect qualification of a program as "insurance;" 3) the relevance of homogeneity in determining risk distribution; and 4) tax issues related to finite risk transactions. The comment period is open until October 3, 2005.

We will continue to monitor this issue for our clients and report any related advocacy by the VCIA.

SARBANES-OXLEY AND THE MODEL AUDIT RULE – INTEGRATION INCHES FORWARD

The joint NAIC/AICPA (E) Working Group, comprised of representatives from the National Association of Insurance Commissioners ("NAIC") and the American Institute of Certified Public Accountants ("AICPA") and which reports to the NAIC's Financial Condition (E) Committee, has made significant progress since our last update on its increasingly controversial work to apply elements of the Sarbanes-Oxley Act to non-public insurers through the NAIC's Model Audit Rule.

Of Sarbanes-Oxley's eleven titles, only three are being proposed for integration into the Model Audit Rule: Title II, which applies to corporate governance and auditor independence; Title III, which addresses external audits; and Title IV, which concerns internal controls and enhanced financial disclosures.

Last year, the Working Group collaborated with insurance industry representatives to complete the integration of Titles II and III into the draft Model Audit Rule. Title III was integrated at the Boston NAIC meeting in June. A current copy of the draft Model Audit Rule including the changes drawn from Titles II and III is available upon request.

Work on Title IV, still in its early stages, continues. The Working Group will not present the Title II and III revisions to its parent committee until its proposed Title IV revisions are complete. After that committee approves the draft, it will be elevated for consideration by the Plenary and Executive Committees before being released for recommendation to the various state legislatures. It was agreed to present the revisions in one comprehensive draft to avoid asking the legislatures to amend the Model Audit Rule piecemeal.

As the Boston meeting revealed, Title IV will spark considerable debate. In anticipation, the Title IV subcommittee developed and released eight guiding principles. These include retaining a solvency focus; ensuring the requirements are risk-based and focused on significant risks; ensuring the revisions have a minimal impact on public companies that already prepare reports required by Sarbanes-Oxley; and recognizing the difficulties faced by small companies with limited resources. Work on Title IV will continue through the next eight to twelve months, and an effective date for the completed Model Audit Rule will be considered once the process is complete.

Also of note, the AICPA task force issued "A Statutory Framework for Reporting Significant Deficiencies in Internal Controls to Insurance Regulators" on May 16th. The framework, which guides auditors through the process of reporting internal control deficiencies noted during an annual audit of an insurer's financial statements, was primarily drafted to respond to questions regarding the definition of a "significant deficiency" under Section 11 of the Model Audit Rule. States differed in their approach, and some required that auditors report remediated as well as unremediated deficiencies in their internal control letters. The framework allows insurance companies to report only unremediated significant deficiencies to state insurance departments. Virtually all states, including Vermont, have informally adopted the statutory framework.

HIPAA – CLARIFIED GUIDANCE & ACCOMPANYING SECURITY RULE

OCR Letter. Last March, the U.S. Department of Health and Human Services Office for Civil Rights ("OCR") issued a letter confirming that a health care provider may, in most cases, disclose protected health information to its professional liability insurer without first executing a business associate agreement. The OCR letter confirms our position that captive providers of professional liability insurance are not generally business associates under the Privacy Rule. The exception is where the captive provides an array of services that arguably go beyond traditional insurance company functions, as may be the case with many of our group captives that offer loss prevention and other ancillary services.

A business associate is defined in HIPAA's Privacy Rule as a person or entity that receives, uses, or discloses protected health information in the course of (1) performing certain functions on behalf of, or (2) providing certain services to, a covered entity. Some covered entities had expressed concerns that professional liability insurance providers are business associates because the provision of liability insurance was thought to be a "financial service," one of the services specified in the second prong of the definition.

The OCR letter settles this issue. It refers to a fact sheet it released earlier which states that a business associate agreement is not required when a covered entity purchases a health plan product *or other insurance* from an insurer. Thus, a provider of liability insurance is not a business associate under either prong of the business associate definition in the Privacy Rule.

The OCR provided one significant caveat: if the insurer provides a function or service beyond the indemnity of losses, the insurer may be considered a business associate. And in such case, a business associate agreement may be required. The correct decision for each captive or RRG will differ according to its individual circumstances and the array of services it provides.

Security Rule. As mentioned above, some captives that provide services beyond those provided by traditional companies will maintain business associate agreements with their covered entity policyholders. We have recently received a number of requests for guidance on whether existing

business associate agreements, which are based on the detailed requirements set out in HIPAA's Privacy Rule, should be amended to accommodate the Security Rule's requirements.

The Security Rule and the Privacy Rule both arise from HIPAA, but address different issues. The Security Rule sets the standards for physically protecting the integrity and confidentiality of *electronic* protected health information. The Privacy Rule, on the other hand, defines for what purposes a covered entity may use protected health information *in any form*, and to whom the covered entity may disclose that information. The Privacy Rule also determines what assurances the entity must establish before it shares information to ensure the information won't be inappropriately used or disclosed.

When the Security Rule became effective last April, many covered entities contacted their business associates to request amendments to existing business associate agreements. We have reviewed the business associate agreement provisions required by both the Privacy Rule and the Security Rule, and find that most agreements already satisfy both.

During our review, we noted that some covered entities have proposed indemnity provisions in their agreements, by which the business associate would indemnify the covered entity for improper use or disclosure of protected health information. Such indemnity clauses should be approached with caution – they are not required by HIPAA and expose the business associate to greater liability.

CHANGE OF CONTROL PROVISIONS

Several recent high profile mergers in the financial industry have called attention to an often overlooked provision of Vermont captive law. Regulation I-81-2 requires captives undergoing a change in ultimate control to seek approval from the Vermont Commissioner of Insurance *before* proceeding with the transaction. Distinctly less complicated than the traditional insurance company change of control filing, the so-called "Form A," the captive change of control approval can be accomplished relatively quickly and without production of undue volumes of financial information and disclosure of non-public information.

Currently, the Vermont Insurance Department requests from captives seeking a change in control approval a simple letter setting forth the nature of and parties to the acquisition, the plans the acquiring party has for the Vermont captive, accompanying information regarding the financial status of the acquiring party, and a chart showing the captive's position in the resulting organizational structure. Typically, the requested financial information can be as simple as recent SEC filings. If any changes are to be made to the captive's business plan, its governance structure, its governance documents or its management, these would also have to be approved as a change of the captive's business plan and may require additional supporting information, but could be accomplished in the same filing.

Turn-around time for a change in control approval varies between a few hours and a few weeks depending on the complexity of

the transaction, the availability of Department staff, and the extent to which they are familiar with the parties involved.

While the change in control approval process is relatively simple, it is important to note that it should be accomplished before the underlying transaction takes place. Rest assured, however, that the Department's goal is to remain familiar with its captives and not to exercise veto power over key parental transactions. While retroactive filings have been accepted, they technically constitute a violation of law and could result in delays of the necessary approval.

If you have questions regarding the Vermont change of control approval process and whether it applies to recent transactions at your parent company, please contact us.

NEVADA RRG LEGISLATION

On June 17, 2005, Nevada Governor Kenny Guinn signed into law Assembly Bill 338. The new law contains good news for RRGs operating in that state. It has reduced the initial registration and annual fees paid by out-of-state RRGs to \$250 from \$2,450. (This has brought Nevada's fees – previously the highest in the nation – into line with those typically charged by other states.) It has also reduced to 2% from 3.5% the premium tax paid by out-of-state RRGs. The fee and premium tax reductions became effective on June 17, 2005.

In addition to the obvious benefit to RRGs that operate in Nevada, as a result of these changes Nevada-licensed RRGs will no longer face retaliatory taxes in many states in which they operate.

If you have any questions regarding these changes, please contact us.

SO . . . WHAT HAPPENED TO CARA?

After more than six years with Primmer & Piper, P.C., Cara Griswold took “early retirement” so that she could dedicate more time and energy to raising her son Ethan. We now look back at her many years of dedicated, energetic service to our captive insurance clients. Cara combined an ability to handle detailed corporate and regulatory matters with very good judgment. We miss her enthusiasm, but understand the importance of her choice.

We also understand that as an “early bird,” Cara and her husband now dine at 3:45 p.m. each day, spend their time hitting yard sales and are actively pursuing senior citizen discounts notwithstanding the fact that technical qualification for such treatment remains many years away.

During her tenure here, Cara’s activities occasionally engendered creation of new words which likely will be added to the OED in the near future. The two most prominent among these are “Caranoia” and “Caranormal,” both based on her occasional reenactment of Sissy Spacek in the motion picture “Carrie.” We all wish Cara the very best in her new life. And, as the British would say, “We commend her on a job well done.”

We have also been very fortunate to find a worthy successor to Cara in Vikki S. Soutiere. Vikki comes to us with five years of experience as a corporate legal assistant at the firm of Gravel and Shea. She will be

replacing Cara as the day-to-day contact on most captive accounts handled out of our Burlington office. Vikki is quickly learning the regulatory ropes of captive insurers. She can be reached via email at vsoutiere@primmer.com.

Also assisting in our Burlington office is Lisa Geer, who formerly worked as a legal assistant with Downs Rachlin Martin. She is primarily engaged in special captive projects including internal audits of captive insurance corporate records. Lisa can be reached at lgeer@primmer.com.

If you have any questions concerning this transition, please contact Jeff Johnson at (802) 862-2512.

E-MAIL OPTION

If you would prefer to save a tree and receive your copy of the P&P Captive Newsletter by e-mail, please contact Kurt Lutes at (802) 223-2102 or by e-mail at klutes@primmer.com.

Primmer & Piper's captive team is comprised of: Jeffrey P. Johnson, James E. Clemons, Gary H. Barnes, Russell A. Young, Randall L. Wachsmann, Cassandra C. Larae-Perez, James F. Feehan, Laura J. Daudelin, Kurt A. Lutes, Lisa P. Geer, Vikki S. Soutiere, Angelina L. Buzzi, and Benjamin W. Begins.

John L. Primmer is now of counsel to the firm, and remains active with Primmer & Piper's captive team.