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VERMONT'S CAPTIVE INSURANCE INDUSTRY TURNS 25

In 1981 Vermont enacted legislation permitting the formation and operation of captive insurance companies. That event and the ensuing twenty-five year success story were commemorated in August at the Vermont Captive Insurance Association ("VCIA") 2006 Annual Conference. Governor Jim Douglas was on hand in Burlington to acknowledge those individuals responsible for developing the concept, crafting the legislative language and taking the steps necessary to secure enactment of the captive insurance bill.

As the Governor noted, the planets were in alignment for Vermont. Linc Miller, a New Yorker with a Vermont home, retained skilled New York counsel, James "Jeff" Johnson and John Sarchio, who crafted the bill language. He then worked with Al Moulton, Vermont's Economic Development Secretary, and George Chaffee, the Commissioner of Banking and Insurance, to secure the active support of Vermont Governor Richard Snelling. Ultimately, this team persuaded legislators to pass the captive bill which was promptly signed into law.

The law, however, would not have made any difference to Vermont were it not for the efforts of the early implementors, including Ed Meehan, Vermont's first captive czar; Roger Teese, the first VCIA President; Diane Leech, the first VCIA chief cook and bottle washer; and our own John Primmer, the attorney for the first captive formed in Vermont. Undoubtedly this list omits many other individuals who were also instrumental during this period. To them we apologize, but note the obvious fact that Vermont's success as a domicile is attributable to the hard work and commitment to excellence of hundreds of people both in Vermont and throughout the United States.

For twenty-five years Vermont has taken a progressive, consistent approach to the business of creating and regulating captive insurers. Our state government, including the legislative and executive branches, as well as the captive insurance industry through the VCIA, share credit for establishing a well funded, highly qualified regulatory staff. In turn, Vermont's regulators, now under the able direction of Deputy Commissioner Len Crouse and Director Derick White, have worked extremely hard to meet the critical business needs of those corporations and other organizations that have formed

Vermont captives. However, at the same time, Vermont regulators never lost sight of their obligation to ensure that Vermont captives are soundly conceived and effectively regulated.

Today there are more than 570 licensed captives operating in Vermont. These captives annually pay in excess of \$20 million in premium taxes to Vermont. The Vermont Captive Insurance Division has 28 employees exclusively dedicated to serving the captive insurance industry. Molly Lambert, current VCIA President, notes that there are over 500 VCIA members, including captives and their service providers. And each August Burlington hosts the annual VCIA Conference, the largest such conference in the world.

All of this was unimagined by those innovators who twenty-five years ago happened upon a very good idea and then took the steps necessary to make it a reality. The VCIA took a moment during this year's conference to acknowledge those individuals and to extend a collective thank you to them for a job well-done.

MEDICAL MALPRACTICE CLAIMS DATA REPORTING LAWS APPLIED TO RISK RETENTION GROUPS

In the past year, Connecticut and Maryland joined a growing list of states that have enacted laws requiring insurers, including registered risk retention groups ("RRGs"), to report medical malpractice claims data to state insurance regulators. At this time, the list of states with claims data reporting laws includes Florida, Hawaii, Illinois, Missouri, Michigan, Ohio, Tennessee, Texas and Washington. Compliance with claims data reporting

laws is mandatory; typically enforced by the ability to impose strict civil and criminal penalties for non-compliance. (And at least one additional state – North Carolina – purports to apply its law to all types of professional liability claims.)

At first blush, these statutes appear reasonably related to a legitimate state purpose: the collection of medical and hospital claims data in order to understand and regulate better physician and hospital malpractice insurance rates. It is, of course, without question that a state can impose claims data reporting obligations on a traditional domestic or licensed insurer. Given the responsibility in certain states to regulate insurance rates, collection of claims data in such circumstances is a reasonable exercise of regulatory authority.

However, when it comes to imposing claims data requirements on RRGs, there are serious practical and legal impediments. The practical problems are self-evident. First and foremost, as RRGs usually have significantly fewer policyholders than large traditional insurers, there is greater risk that confidential claims information will be disclosed on a policyholder-specific basis. Second, an RRG will be far less efficient and, perhaps, even unable to operate if compelled to observe the insurance laws of each state where it is registered to do business.

RRGs are authorized by the Liability Risk Retention Act of 1986 ("LRRRA"), 15 USC §3901, et seq. The central premise of the LRRRA is broad preemption of the laws of non-domiciliary states; instead, an RRG is primarily regulated by the state in which it is domiciled. This "inconvenient truth" should not come as a surprise to state

legislators or state insurance regulators. In fact, the Risk Retention and Purchasing Group Handbook (1999) prepared by the National Association of Insurance Commissioners (“NAIC”) contains this statement: “Once the group (an RRG) has obtained a license (from its state of domicile) it may operate in all states without the necessity of a license and is regulated almost exclusively by the domiciliary commissioner.”

Under the LRRRA, a non-domiciliary state may require a registered RRG to observe claims settlement laws, pay premium and other non-discriminatory taxes, participate in residual market mechanisms and observe laws prohibiting deceptive, false or fraudulent practices. Otherwise, an RRG operates free of non-domiciliary insurance regulation. 15 USC §3902(a)(1)-(4).

In response to a preemption challenge, the Connecticut Insurance Department has characterized its claims data reporting statute as a general law, not subject to LRRRA preemption. The question then becomes whether such a characterization is reasonable. We think not. In this area, it is clear that states are not acting randomly or independently, but rather as part of a collective NAIC effort. The objective is to improve data collection and ultimately to control the rates charged for physician and hospital liability insurance. Claims data laws are typically part of a state’s insurance code which is administered by a state’s chief insurance regulator. So if it walks like a duck and quacks like a duck

The questions of how an RRG responds to this type of law – and the potential consequences of noncompliance – are not readily answered. As there is no

federal agency responsible for administering the LRRRA, states have become bolder in their efforts to regulate RRGs, even when such efforts seem clearly preempted. Litigation has been successfully employed in several instances to support federal preemption and prevent discrimination against RRGs. However, litigation is an expensive and, at times, risky venture, as courts have acted inconsistently in regard to enforcing the LRRRA. Voluntary compliance is also an option. However, it is a course of action that itself presents significant risks and costs directly related to such compliance. This approach also presents a question as to what step is taken the next time a state “asks” an RRG to comply with a preempted state law.

At this juncture, several RRGs have communicated with state insurance regulators in Connecticut and elsewhere, arguing LRRRA preemption of claims data reporting laws. To date, these states have not responded, and we are not aware that any sanctions have been imposed on any RRG for noncompliance. This is a developing story, and we would appreciate hearing from any RRG client regarding its experience dealing with claims data reporting laws.

MAY RISK RETENTION GROUPS PROVIDE EMPLOYMENT PRACTICES LIABILITY INSURANCE?

Our risk retention group (“RRG”) clients often ask whether an RRG is permitted to issue employment practices liability insurance (“EPLI”) coverage to its members. In light of specific language of the Liability Risk Retention Act (“LRRRA”), it is a fair question, and one that some still debate. North Carolina, for example, has recently concluded that EPLI is not a

proper coverage for RRGs. After extensive research into the issue, we believe it is beyond question that RRGs are permitted to issue EPLI coverage.

When amended in 1986 to permit a broad range of commercial liability coverages, the LRRRA established an exclusion from the definition of “liability.” Specifically, it provides that liability “does not include personal risk liability and an employer’s liability with respect to its employees other than legal liability under the Federal Employers’ Liability Act.” The confusion about EPLI arises from this language. Whereas “personal risk liability” is neatly defined in the next section of the LRRRA, and whereas liability under the Federal Employer’s Liability Act is specific to injuries to railroad workers in interstate commerce, the remaining language is less than clear. What, exactly, did Congress mean by “an employer’s liability with respect to its employees”?

ELI vs. EPLI: As is commonly understood in the insurance industry, employers liability insurance (or “ELI”), is the coverage commonly issued as ancillary and supplemental to workers’ compensation. It applies exclusively to bodily injuries an employee sustains in the course of his employment, plus consequential damages to third parties. ELI coverage expressly excludes damages arising out of employment practices, such as demotion, reassignment, harassment, humiliation, discrimination against or termination of an employee, or, any personnel practices, policies, acts or omissions, etc.

EPLI, on the other hand, was specifically designed to provide coverage for exactly the coverages excluded under an ELI policy, such as discrimination or sexual

harassment. EPLI only covers bodily injury to the extent that bodily injury results from a covered employment practice.

Why RRGs Are Allowed to Provide EPLI: The legislative history of the LRRRA provides insight into Congress’ intent when it amended the Act. The Senate Report to its version of the bill provided that “Workers compensation and employer’s liability insurance also is excluded from the definition of ‘liability insurance’ for the purpose of this bill because there is not, at the present time, a problem regarding the availability and affordability of workers’ compensation insurance.” By using the verb “is” rather than the verb “are,” the Report makes clear that the Senate considered ELI as an integral part of workers’ compensation coverage. Although the final version of the LRRRA did not use the Senate’s exact language (but instead used the terminology “personal risk liability and an employer’s liability with respect to its employees”), other pieces of the legislative history confirm that the intent of the law as adopted was the same as the Senate version – to exclude workers’ compensation and ELI.

Moreover, it is unlikely that Congress intended to exclude EPLI coverage when amending the LRRRA because separate EPLI coverage was not available in 1986. EPLI policies arose in response to a proliferation of EPLI-related lawsuits in the 1990’s (e.g., race, sex, disability and age discrimination suits), which more than doubled from 1992 to 1996. In 1986, the liabilities now covered under a typical EPLI policy would have been included as part of a comprehensive commercial general liability policy. The dramatic increase in EPLI-related costs caused

insurers to exclude such coverage, and EPLI later emerged as a separate species of insurance.

In a 2001 case in Michigan, a federal court cited these same legislative and historical facts in support of the conclusion that RRGs could provide EPLI. The case was brought by Vermont-domiciled Attorneys' Liability Assurance Society, Inc., A Risk Retention Group ("ALAS"), against the Michigan Commissioner of Insurance. The Commissioner had claimed that ALAS did not qualify as an RRG, in part, because it offered EPLI in alleged violation of the LRRRA. The court observed that under the LRRRA, Congress authorized RRGs to provide "broad liability coverage." By contrast, the court noted, the Commissioner's narrow interpretation of the LRRRA would mean that "a sizeable portion of coverage that entities in risk retention groups need was excluded." Ultimately, the court found that ALAS' interpretation of the LRRRA "makes more sense than an explanation where Congress intended to exclude a broad swath of liability coverage." See *ALAS, Inc. v. Fitzgerald*, 174 F.Supp.2d 619 (2001).

The insurance industry's own interpretation of the LRRRA is consistent with this view. The *Risk Funding & Self Insurance Bulletin*, for instance, writes that the LRRRA only prohibits "first party coverages, e.g., property coverage, worker's compensation and personal lines." Likewise, the National Association of Insurance Commissioners ("NAIC") has written that "The LRRRA limits the liability coverage that can be provided or purchased to commercial liability lines, and excludes personal lines insurance as well as workers' compensation

insurance." As this commentary shows, the industry itself recognizes the important distinctions between ELI and EPLI.

In conclusion, the LRRRA permits RRGs to provide EPLI, and indeed many do. The LRRRA's definition of liability has been appropriately broadly construed to include all legal liability for damages because of injuries to other persons, damage to their property, or other damage, etc. The only exception is narrowly tailored to workers' compensation and ELI. Thus, EPLI is a form of liability insurance proper for RRGs to offer to its group members.

"SHAREHOLDER RIGHTS" INITIATIVE REBUFFED

Early this year, we became aware of a legislative initiative that could have had serious ramifications for Vermont as the preeminent onshore captive domicile. We share this story because it illustrates the true commitment of Vermont to its captive industry, the ability of that industry to respond effectively to threatening initiatives, and the unwavering support of the state's Administration and Legislature.

A coalition led by Carl Icahn approached the Vermont Legislature intending to overhaul the state's corporate law, and fundamentally change long-established balances and relationships between corporations and their shareholders. We believe Vermont was selected because the coalition was intent on identifying a state willing to discard its modern, mainstream corporate law and replace it with rules that circumvent elaborate SEC procedures governing shareholder meetings and proxy solicitations. Vermont, a small rural state, may have been perceived as a financial services backwater.

The coalition was well organized and represented by a large Philadelphia law firm, as well as a prominent Vermont firm. The effort was obviously well funded, and included the development of a Vermont non-profit public interest corporation with a physical address in Burlington. The starting name of this enterprise was the "Coalition for Shareholders Rights," which later morphed into the equally misleading "Corporate Governance Council." The stated purpose was to "promote corporate democracy" and members of the coalition worked hard to cast themselves as knights fighting for good governance in the wake of corporate scandals such as Enron, Tyco, and Adelphia.

Vermont was told of a growing appetite for a shareholder-friendly state and was led to believe that, as the first "anti-Delaware," there would be significant economic activity, perhaps replicating Vermont's unsurpassed success with its captive insurance industry. What Vermont leaders were not told, of course, is that Carl Icahn has been single-handedly credited with activities giving rise to the word "greenmail." In short, the Coalition's initiative had nothing to do with enhancing minority shareholder rights, and everything to do with strengthening the ability of Carl Icahn and other corporate raiders to extort money from corporations to the detriment of minority shareholders.

This effort led to the introduction of a bill to the Vermont Legislature, the so-called "Shareholders' Rights Act of 2006." The first part of this proposal would have created a new category of public corporation where traditional governance rules would be significantly shifted in the direction of power to activist shareholders. And while the proponents claimed the bill would not affect existing corporations,

there were many provisions that belied that claim.

In our view, rather than bringing Vermont new economic successes, this approach would have driven away the very companies that seek to do business here. Our captive industry would have been particularly vulnerable given that many of our programs are owned by large public companies. Indeed, a high percentage of the 30 companies making up the Dow Jones have Vermont captives, as do a large percentage of the Fortune 100 companies.

Although it took some time and effort to sort through the rhetoric, we are pleased to report that the Vermont Legislature, the Vermont Bar Association, industry leaders, the Douglas Administration, and the captive industry, were all able to see this ruse for what it was and eliminate any chance of passage of the bill. We doubt there will be any renewed initiative in Vermont along these lines, but of course will report on any such efforts.

If you would like further information about this initiative, or a copy of the bill, do not hesitate to contact us.



NEWS FROM THE VERMONT STATE HOUSE: ELECTION SEASON HEATS UP

As summer wanes, Vermont enters the 2006 election season, when legislative activity is virtually suspended as incumbents and new candidates alike turn to their campaigns. In Vermont, all statewide offices, from the Governor to the House of Representatives, are up for re-election every two years.

This election season, however, will focus on Vermont's federal offices. The open seat resulting from the retirement of U.S. Sen. Jim Jeffords (I-VT) has created a ripple effect as other incumbents seek advancement to higher office and, in turn, open more further down the ticket. The national parties have also targeted the race for Vermont's lone U.S. House seat as one that may help determine the majority in that chamber of Congress. While the candidates for federal office have been advertising for some time, the races will steadily accelerate as fall advances.

U.S. Senate: Rep. Bernie Sanders (I-VT) is the solid favorite to fill Jim Jeffords' open seat. He has the backing of national and state Democrats. Sanders is being challenged by an entrepreneur, Rich Tarrant, who is expected to spend approximately \$10 million of his own money in this race. Pundits predict this race could be the most expensive per vote in U.S. history. The latest polls put Sanders ahead by a comfortable margin. There is no Democrat in the race.

U.S. House: This race for the seat being vacated by Bernie Sanders is neck-and-neck and expected to remain tight until the election. The Republican candidate is Martha Rainville, former Vermont National Guard Adjutant General. The Democratic candidate is Vermont Senate Pro Tem Peter Welch. Recent polls indicate a statistical tie, while others have shown Welch in the lead. Much money is expected to be contributed to this race from outside Vermont.

Governor: Incumbent Gov. Jim Douglas (R) is the solid favorite in this race, as he currently experiences a 60% favorable rating in the state. His Democratic

opponent is Scudder Parker, former Vermont Senator and head of the state's Democratic Party. Recent polls show Douglas with a comfortable lead.

Lieutenant Governor: In Vermont, this office is largely part-time, ceremonial, and comes with limited responsibilities. Historically, however, the office has been a political stepping stone. This year's race is again hotly contested. Two-term incumbent Brian Dubie (R) is the front-runner. He will face Sen. Matt Dunne (D-Windsor), and Progressive Party candidate, Marvin Malek. Dubie has been the beneficiary of similar three-way races in the past as the left have split their votes between the Democrat and Progressive candidates.

Vermont Senate: Democrats currently hold a sizeable majority (21-9) in the Senate. While the Democrats expect to maintain their majority, the margin of victory is in question. It is also unclear who will become the next Senate Pro Tem, the office that controls the legislative agenda in the Senate. Newly elected Senators will elect the Pro Tem from among their ranks when they convene in January. A few incumbent Senators have had their eye on the office for a while, but a couple of former Senators who are running again and have previously held that office may also seek to stake a claim.

Vermont House: The Democrats also currently hold a comfortable majority in the Vermont House and expect to retain it. Here too, however, the margin of victory is in question. Republicans hope to maintain their ability to sustain a gubernatorial veto, and even improve their numbers. With House seats in Vermont still very much local decisions, a few surprises are likely. If Democrats maintain their majority, Gaye

Symington (D-Jericho) is expected to remain Speaker.

Once the dust from the election has settled, lawmakers will turn their attention to the coming session in January. Any changes to Vermont's captive statutes will surely join hundreds of other initiatives legislators will be asked to review and act upon. We will continue to report on the General Assembly and the status of captive insurance initiatives and issues in future editions.

VERMONT SPONSORED CAPTIVE INSURERS: THE ALTERNATIVE, ALTERNATIVE MARKET

(This article was written by Jeff Johnson and is based on a version first published in the FORC Quarterly Journal of Insurance Law and Regulation, Vol. XVII, Edition II, June 2006.)

In 1981 Vermont enacted legislation permitting the formation and operation of captive insurance companies. The legislation was endorsed by every voting representative and senator, with only one dissent. A farmer serving in the Vermont House objected to the bill stating, "There is nothing all good." In the ensuing twenty-five years, the Vermont Department of Banking, Insurance, Securities and Health Care Administration ("BISHCA") has issued 754 licenses to captive insurers, thereby validating the wisdom of the Legislature.

The original captive statute recognized both pure and group programs. In 1999 Vermont significantly expanded the on-shore concept of a group captive insurance company by authorizing sponsored captive insurers. In essence, the law permits a qualified sponsor to

establish and operate an insurance program for third-party participants. The key distinction between standard group captives and sponsored captives is the obligation of the latter to establish a segregated, protected cell for the assets and liabilities of each participant.

Detailed statutory provisions control all aspects of a sponsored captive insurer's operation. The law prescribes strict limits on the type of entity that may act as a sponsor. When this legislation was under consideration, BISHCA testified in favor of requiring either significant financial expertise or a solid track record operating a Vermont captive as a basis for acting as a sponsor. Thus, under the original law, only an insurer licensed under the laws of any state, a reinsurer authorized or approved under the laws of any state or an existing Vermont captive may act as a sponsor. On July 1, 2006, H. 678 (also known as the "BISHCA Housekeeping Bill") was signed into law. Act No. 122 expands the category of eligible sponsors to include financial institutions (state and nationally chartered banks), financial holding companies and Vermont registered broker-dealers.

The statute also defines who may qualify to participate in a sponsored captive. The list of eligible entities is broad, even permitting a sponsor to insure its risks as a participant. The provision confirms that a participant need not have an ownership interest in the sponsored captive. Significantly, the law specifies that a participant may only insure its risks through the segregated cell. In this respect, a sponsored captive operates in the same manner as other captives: there is mutuality of ownership (at the cell level) with the risks insured by each participant. It is this alignment of interests which has

served well the objective of captive insurance company insolvency.

The heart of the sponsored captive law lies in its provisions establishing "protected cells." Each participant's assets and liabilities are maintained in such a cell, protected by firewalls from the experience of other cells. In fact, the sponsored captive must separately account for the experience of each protected cell. At one level, this type of accounting is necessary to ensure that a participant receives the benefits of the bargain established pursuant to the participant contract. However, this type of approach is also necessary so that regulators may evaluate the financial condition of each protected cell. Sponsors must also notify and obtain BISHCA's approval each time a cell is created or dissolved. Vermont regulators retain some concern about the solvency of small, protected cells. As such, the law requires that all business insured through a protected cell must be: fronted by an insurer licensed in any state; reinsured by a reinsurer authorized or approved by Vermont; or have its liabilities secured by a trust for the benefit of policyholders and claimants, letter of credit or other mechanism acceptable to regulators.

The assets of two or more protected cells may be combined for the purpose of investment. This commingling is allowed so that investment of assets may be accomplished on a cost-effective basis. Each participant would nonetheless retain a specific interest in its contributed assets which remain exclusively dedicated to the cell's obligations. All investments made by the sponsored captive are subject to standard investment law requirements, absent an express waiver of the standards by BISHCA.

Sponsored captives are viewed as a vehicle to permit smaller companies to enjoy the benefits of participation in a captive insurer. The assumption is that a sponsored captive will provide more efficient access to the captive marketplace by reducing frictional costs related to the operation of a stand-alone company. For example, the minimum capital requirement for a sponsored captive is \$500,000. In comparison, an entity forming a pure captive must only provide minimum capital of \$250,000. However, for each participant after the second, the cost of capital, at least at the minimum level, is lower than that required if each participant instead formed a separate pure captive. In addition, it is probable that a sponsored captive's per participant cost for captive management, actuarial, accounting and legal services will also be lower. Finally, participants are able to avoid certain requirements and costs such as holding an annual Vermont meeting.

One of the questions not yet completely addressed is what happens in the event a protected cell fails. The good news here is that the lack of clarity is a result of a lack of experience: no protected cell of a Vermont sponsored captive has failed. It is clear, however, that the assets of a protected cell are only available to satisfy its liabilities. Further, the captive statute indicates that the general solvency statute dealing with insurance company supervision, rehabilitation and liquidation would apply to any financial problems arising at either the sponsored captive or protected cell level. The protected cell should be treated similarly to a stand-alone insurer and its financial issues resolved without consequence to the other protected cells. The statute also notes that the capital and surplus of the

sponsored captive must be available to pay claims and expenses arising from claims.

Since 1999, sixteen sponsored captives have formed in Vermont. As of April 1, 2006, fourteen sponsored captives with a total of 107 protected cells were operating. Several major insurers including John Hancock Life Insurance Company, Liberty Mutual Insurance Company and National Union Fire Insurance Company have formed sponsored captives. In general, these facilities have permitted insurers to enter into risk sharing arrangements with clients. The surprising fact is that the typical participant and program are much larger than expected when the statute was first enacted. This is not a business dominated by "mom and pop" operations too small to form a pure captive.

Another development has been the spread of the sponsored captive approach to other captive insurance domiciles. Both Arizona and South Carolina, for example, refer to their entities as "sponsored captive insurance companies" and "protected cell captive insurers", respectively. It is clear that in Vermont and in other captive domiciles, sponsored and protected cell insurers will continue to develop, providing the cost-efficiencies and flexibility needed to establish creative, risk-sharing arrangements between insurers and their customers.

INTRODUCING OUR IMMIGRATION LAW PRACTICE

One of the benefits of the recent merger of Primmer & Piper and Eggleston & Cramer is the addition of our commercial immigration practice. Wherever your business location, Primmer Piper

Eggleston & Cramer's team of lawyers is available to guide your organization through the increasingly complex regulations governing the employment of foreign nationals in the U.S. Ever-tightening immigration controls have made it more important than ever for employers to have access to effective legal services in this rapidly evolving area. Employers nationwide and abroad rely on our immigration practice group for a full array of services, including:

- obtaining approvals and maintaining employment authorization for key employees and their dependents;
- facilitating multinational transfers of managerial, executive, and other personnel;
- assisting with cross-border business visits;
- obtaining "green cards" (permanent resident status) and U.S. citizenship;
- evaluating issues relating to individual admissibility to the U.S.;
- advising clients on immigration consequences of business mergers and acquisitions, including assisting with due diligence and planning for seamless employee transitions; and
- assisting employers with development of in-house compliance programs, including advising on I-9 self-audits, social security mismatch policies, and best practices.

We can assist clients both with immediate needs and with long-term strategies, drawing on our experience dealing with relevant government decision-makers,

including border inspectors, federal and state labor regulators, immigration service adjudicators, and U.S. consulates overseas. And our close proximity to both the Canadian border and the USCIS Vermont Service Center, the central filing location for millions of applications from throughout the U.S., enables us to act promptly when time is of the essence.

We invite you to learn more about the firm's commercial immigration services on our website, www.ppeclaw.com, or by calling our Burlington office at (802) 864-0880 and asking for Susan Pilcher (spilcher@ppeclaw.com) or Gary Barnes (gbarnes@ppeclaw.com).

MILLIMAN OPENS VERMONT BRANCH OFFICE

On June 1, 2006, Milliman, Inc. opened an office in South Burlington, Vermont. The new branch, managed by Chris Kogut, ACAS, MAAA, primarily provides actuarial consulting services to captives, including evaluations of loss and expense reserves, pricing and funding requirements, insurance management and operations, financial analysis, claims consulting and reinsurance issues.

"We are very excited to be in Vermont. It's a tremendous growth market and represents a great opportunity for us," said Joel Chansky, a Principal in Milliman's Boston office.

Governor Jim Douglas believes Milliman's new office is a "terrific addition to Vermont's world-class professional support infrastructure." This sentiment is shared by Len Crouse, Vermont's Deputy Commissioner of Captive Insurance, who notes, "Vermont has worked closely with the Milliman Boston office for years and the addition of a Vermont branch will only enhance Vermont's ability to be responsive, flexible and innovative."

Chris Kogut reports directly to Milliman's Boston office, and can be reached at 802-865-1286.

E-MAIL OPTION

If you would prefer to receive Primmer Piper Eggleston & Cramer's *Captive Newsletter* by e-mail, please contact Kurt Lutes at (802) 223-2102 or by e-mail at klutes@ppeclaw.com.

Primmer Piper Eggleston & Cramer's captive team is comprised of: Jeffrey P. Johnson, James E. Clemons, Gary H. Barnes, Russell A. Young, Randall L. Wachsmann, James F. Feehan, David P. Hall, Lagretta Nickles, Kurt A. Lutes, Vikki S. Soutiere, and Angelina L. Buzzi.

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