

**24th Annual Members Meeting
Vermont Captive Insurance Association
Wednesday, August 12, 2009
8:00 a.m. - Sheraton Hotel
Burlington, VT**

I. Call to Order and Introductions

- A. Chair Michael Bemis called the meeting to order at 8:00 a.m. He introduced the Board of Directors and the President of VCIA to those assembled.
- B. President Lambert asked Secretary Patrick Theriault to confirm the presence of a quorum. The Secretary confirmed that a quorum was present.

II. Reports

- A. Chair's Remarks – Chair Bemis began by thanking the Board, the staff, the committee members, and committee chairs. He further thanked Paulette Thabault, David Provost, Pete Raymond, Sandy Bigglestone and all of the great people who work with them in the captive division; the service provider partners and captive owners for all they contribute during the course of the year.

He reviewed the Association's activities for the 2008-09 year. He highlighted the follow up work on the Critical Issues Forum. The Board will receive the results of a market analysis and recommendations on next steps during its October meeting.

He also explained that Molly Lambert is still under consideration for an appointment by the Obama administration. He shared that the Board has formed a search committee for Molly's successor and had a wealth of candidates to consider. A decision is expected in the next few weeks.

- B. President's Remarks – Molly thanked all of the attendees and reviewed the Association's work during the past year, including the original captive insurance roadshows, the three hot topic educational sessions, and legislative day in Montpelier and Washington DC. She noted the ongoing support that the State of Vermont shows for this industry as evidenced by this year's improvements to our captive insurance statute.
- C. Treasurer's Report – Rob Miller reported on the financial performance of the Association and emphasized the overall health of the financials. Two recurring themes affected the financials for 2008 – the unrealized investment losses and the remaining expenses from the IRS coalition formed in 2007 which has now been disbanded.

He stated that the Association's strategic fund balance is in compliance with the guidelines established for the fund. A member inquired if there was a projection for

our strategic fund balance for the end of the year and whether or not it would still be in compliance. Rob indicated that there were no projections at this time.

He reviewed the remaining financials in the Annual Report. He expressed confidence in our risk profile going forward.

- D. Legislative Report – Molly introduced and thanked the great team from Primmer Piper Eggleston & Cramer (Jamie Feehan in particular) and the McIntyre Law Firm for their fine representation of VCIA at the state and federal level.

Jeff Johnson thanked Jamie and his team. Jeff spoke of past legislative changes and Molly's involvement and hard work charting those waters. He presented a brief outline of changes to the captive statute during the 2008-09 legislative session including change to the merger law. Vermont now has a regulation regulating stop-loss policies issued in connection with health benefits coverage, with an end result that captives may be able to receive a waiver from those requirements.

Jim McIntyre thanked Molly and the Board for their help and support bringing the message about captive insurance to the NAIC and Washington. He also applauded the Vermont Department for their help. There's a lot going on in Washington which could affect captives. As an example, there is a financial regulatory reform proposal with at least three provisions that might affect the insurance industry. Mr. McIntyre reviewed several other matters that are pending.

- E. ICCIE Report – Mitch Cantor remarked that this was ICCIE's 5th Anniversary. Milestones in the last 12 months include closing in on 600 enrollments at ICCIE and also graduating their hundredth ACI student. Recent graduates came from Hawaii, BVI, Barbados and Jordan. At the end of 2007, ICCIE received a large donation from the Insurance Managers Association of Cayman. In June of 2009, the Bermuda Insurance Managers Association granted the first of what are expected to be annual scholarships for Bermudians to enter the ACI program. Having these two major domiciles firmly committed to supporting ICCIE is a huge step forward and a sign that ICCIE is truly accepted as the designation program of the whole captive insurance industry. ICCIE has added three new electives in the last 12 months and will be adding three or four new electives in the next 18 months. That means that ICCIE will be in a position to offer all of its core and elective courses independently. At the end of 2008, ICCIE received a \$38,000 grant from the State of Vermont, and just last week got the news that it is receiving a \$10,000 award from CICA. Mitch thanked the VCIA membership for its tremendous support and a very, very special thank you to Molly Lambert who has served as president of ICCIE's board for five years.

- III. Report of Proxies and Ballot Items – Chair Bemis reported the results of the ballot items:
1. The minutes of the August 13, 2008 annual meeting were approved by a vote of 77 For and 0 Against.
 2. The election of the class of 2012 to the Board of Directors. Steve McElhiney and Bill Riley were approved by a vote of 77 For and 0 Against.

3. An amendment to the bylaws which would allow VCIA to send out notification and annual meeting materials via electronic conveyance was passed by a vote of 77 For and 0 Against.

IV. Recognition of Outgoing Chair – Molly recognized the outstanding leadership of Chair Michael Bemi. In every discussion he takes time to listen, to accumulate the information, feed it back to the Board and gain a consensus and he never, ever misses an opportunity to thank the staff. We all feel so appreciated by Michael and by the entire Board. In short, as a result of his efforts the Association has grown in substantive ways.

V. The Year Ahead – Chair-elect Tim East expressed his pleasure in serving on this board. He commented that as we think of all that's happened in the last 12 months, Michael has been that steady hand on the tiller.

He described that next year there will be three primary directions: 1) putting into action the strategic plans that have been developed so we keep Vermont the premier domicile for captive insurance in the world; 2) continue and sustain the incredible partnership between the regulatory and legislative team, the service providers and the community that provides the support that the captive organizations need; and 3) boost the active participation and involvement of captive owners and the membership in the work of the Association. He stated that as we move through this next year we'll continue to emphasize membership within the organization and building capacity and facing competitive pressures of other domiciles, you'll see this organization really put an emphasis on holding onto our core values of quality and integrity, serving our members' needs and maintaining the active participation of our members. He further asserted that we will serve the needs of our members as well as respond to emerging issues. Finally, he mentioned that the third important focus for next year will be to transition to our new Association President.

VI. Welcome from the Commissioner – Commissioner Paulette Thabault highlighted the work of the captive insurance division and complimented the VCIA on a strong partnership with the Vermont regulators. She noted that Vermont has already licensed more captives this year than it did in all of 2008. There is a strong sense that this growth will continue through the end of the year. She concluded with thanks to the Association and to Molly for their diligent work that has contributed greatly to the success of Vermont's captive insurance industry.

VII. Closing – Michael Bemi closed by saying that it has been an honor to serve the members of VCIA as Board Chair. He thanked all for participating, for being here today, and for their support and encouragement throughout the course of the year.

VIII. Adjourn – There being no other business, the meeting was adjourned at 9:35 a.m.