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H.76

Introduced by Representatives Marcotte of Coventry, Carroll of Bennington,  
Jerome of Brandon, Nicoll of Ludlow, and White of Bethel

Referred to Committee on

Date:

Subject: Insurance; captive insurance; regulation

Statement of purpose of bill as introduced: This bill proposes to make various  
amendments to Vermont's captive insurance laws.

An act relating to captive insurance

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 8 V.S.A. § 6045 is amended to read:

§ 6045. BRANCH CAPTIVE REPORTS

Prior to ~~March 1~~ March 15 of each year, or with the approval of the  
Commissioner within 60 days after its fiscal year-end, a branch captive  
insurance company shall file with the Commissioner a copy of all reports and  
statements required to be filed under the laws of the jurisdiction in which the  
alien captive insurance company is formed, verified by oath of two of its  
executive officers. If the Commissioner is satisfied that the annual report filed  
by the alien captive insurance company in its domiciliary jurisdiction provides  
adequate information concerning the financial condition of the alien captive

1 insurance company, the Commissioner may waive the requirement for  
2 completion of the captive annual statement for business written in the alien  
3 jurisdiction.

4 Sec. 2. 8 V.S.A. § 6014(h) is amended to read:

5 (h) Annually, ~~11~~ 13 percent of the premium tax revenues collected pursuant  
6 to this section shall be transferred to the Department of Financial Regulation  
7 for the regulation of captive insurance companies under this chapter.

8 Sec. 3. 8 V.S.A. § 6034a is amended to read:

9 § 6034a. INCORPORATED PROTECTED CELLS

10 \* \* \*

11 (c) The articles of incorporation or articles of organization of an  
12 incorporated protected cell shall refer to the sponsored captive insurance  
13 company for which it is a protected cell and shall state that the protected cell is  
14 incorporated or organized for the limited purposes authorized by the sponsored  
15 captive insurance company's license. A copy of the prior written approval of  
16 the Commissioner to add the incorporated protected cell, required by  
17 subdivision ~~6034(11)~~ 6034(8) of this title, shall be attached to and filed with  
18 the articles of incorporation or the articles of organization.

19 (d)(1) An incorporated protected cell formed ~~after May 7, 2015~~ or  
20 established prior to the effective date of this act shall have its own distinct  
21 name or designation, which shall include the words "Incorporated Cell" or the

1 abbreviation “IC-” or, in the alternative, such incorporated protected cell may  
2 instead choose to have its own distinct name or designation consistent with the  
3 naming conventions in subdivisions (2)(A)–(C) of this subdivision, as  
4 applicable. The provisions of Title 11A, chapter 4 and Title 11B, chapter 4  
5 shall not apply to the naming of incorporated protected cells.

6 (2) An incorporated protected cell formed or established on or after the  
7 effective date of this act shall have its own distinct name or designation as  
8 follows:

9 (A) If the incorporated protected cell is formed or established as a  
10 corporation, mutual corporation, or nonprofit corporation, its name or  
11 designation shall include the words “Incorporated Cell” or the abbreviation  
12 “IC.” The provisions of Title 11A, chapter 4 and Title 11B, chapter 4 shall not  
13 apply to the naming of such incorporated protected cell.

14 (B) If the incorporated protected cell is formed or established as a  
15 limited liability company, its name or designation shall include the word  
16 “Cell.” In addition, 11 V.S.A. § 4005 shall apply to the naming of such  
17 incorporated protected cell.

18 (C) If the incorporated protected cell is formed or established as a  
19 reciprocal insurer, its name or designation shall include the word “Cell.” In  
20 addition, 8 V.S.A. § 4834(1) shall apply to the naming of such incorporated  
21 protected cell.

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Sec. 4. 8 V.S.A. § 6048k(d) is amended to read:

(d) Unless otherwise approved in advance by the Commissioner, all ~~original~~ books, records, documents, accounts, vouchers, and agreements shall be preserved and kept available in this State for the purpose of examination and inspection and until such time as the Commissioner approves the destruction or other disposition of such books, records, documents, accounts, vouchers, and agreements. If the Commissioner approves the keeping of the items listed in this subsection outside this State, the special purpose financial insurance company shall maintain in this State a complete and true copy of each such ~~original~~ item. Books, records, documents, accounts, vouchers, and agreements may be photographed, reproduced on film, or stored and reproduced electronically.

Sec. 5. 8 V.S.A. § 6049h(c) is amended to read:

(c) Unless otherwise approved in advance by the Commissioner, all ~~original~~ books, records, documents, accounts, vouchers, and agreements shall be preserved and kept available in this State for the purpose of examination and inspection and until such time as the Commissioner approves the destruction or other disposition of such books, records, documents, accounts, vouchers, and agreements. If the Commissioner approves the keeping outside this State of the items listed in this subsection, the affiliated reinsurance

1 company shall maintain in this State a complete and true copy of each such  
2 ~~original~~ item. Books, records, documents, accounts, vouchers, and agreements  
3 may be photographed, reproduced on film, or stored and reproduced  
4 electronically.

5 Sec. 6. EFFECTIVE DATE

6 This act shall take effect on passage.