

H.513

An act relating to the Department of Financial Regulation

The Senate proposes to the House to amend the bill as follows:

First: In Sec. 26, 8 V.S.A. § 3579, by striking out subsection (e) in its entirety and by inserting in lieu thereof a new subsection (e) to read as follows:

(e) No partner or other person rendering the report required by ~~section 3578~~ the annual financial reporting rule adopted by the Commissioner under section 3578a of this title may act in that capacity for more than ~~seven~~ five consecutive years. Upon application by the insurer, the ~~commissioner~~ Commissioner may find that the rotation requirement of this subsection would pose an unreasonable hardship on the insurer and may extend the accountant's period of qualification for an additional term. In making such determinations, the ~~commissioner~~ Commissioner may consider the experience of the retained accountant and the size of his or her business, the premium volume of the insurer, and the number of jurisdictions in which the insurer transacts business, as provided by the annual financial reporting rule adopted by the Commissioner under section 3578 of this title.

Second: In Sec. 30, 8 V.S.A. § 3684, subdivision (b)(7), by striking out the words "is responsible for and"

Third: In Sec. 31, 8 V.S.A. § 3685, subsection (j), by striking out subdivision (4) in its entirety and by inserting a new subdivision (4) to read as follows:

(4) The board of directors of a domestic insurer shall establish one or more committees composed of a majority of directors who are not officers or employees of the insurer or of any entity controlling, controlled by, or under common control with the insurer and who are not beneficial owners of a controlling interest in the voting stock of the insurer or any such entity. The committee or committees shall have responsibility for nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed to be principal officers of the insurer, and recommending to the board of directors the selection and compensation of the principal officers. For purposes of this subsection, principal officers shall mean the chief executive officer, the president, and any chief operating officer.

Fourth: In Sec. 33, 8 V.S.A. § 3687, subsection (a), in the first sentence, by striking out the words “All information, documents and copies thereof” and by inserting in lieu thereof Documents, materials, or other information in the possession or control of the Department that are

Fifth: In Sec. 33, 8 V.S.A. § 3687, subsection (f), after “confidential by law and privileged,” by inserting shall not be subject to public inspection and copying under the Public Records Act,

Sixth: By adding a Sec. 35a to read:

Sec. 35a. 8 V.S.A. chapter 159 is redesignated to read:

CHAPTER 159. RISK BASED CAPITAL FOR ~~LIFE AND HEALTH~~
INSURERS

Seventh: In Sec. 36, 8 V.S.A. § 8301, by striking out subdivision (9) in its entirety and by inserting in lieu thereof a new subdivision (9) to read as follows:

~~(10)(9)~~ “Negative trend” means ~~a decreasing marginal difference of total adjusted capital over authorized control level risk based capital, with respect to a life or health insurer or fraternal benefit society, negative trend~~ over a period of time as determined in accordance with the trend test calculation ~~incorporated~~ included in the life or fraternal risk based capital instructions.

Eighth: By adding a Sec. 51a to read:

Sec. 51a. 8 V.S.A. chapter 141, subchapter 4 is redesignated to read:

Subchapter 4. Special Purpose Financial ~~Captive~~ Insurance Companies

Ninth: In Sec. 66, 8 V.S.A. § 6048o, subsection (a), by striking out the word “chapter” and inserting in lieu thereof the word subchapter