

State of Vermont House of Representatives

Montpelier, Vermont



Joint House Resolution

J.R.H. 3

Joint resolution supporting the Coalition for Captive Insurance Clarity

Offered by: Committee on Commerce and Economic Development

Whereas, in 2010, Congress enacted the Nonadmitted and Reinsurance Reform Act (NRRA), 15 U.S.C. §§ 8201–8206 as part of the Dodd-Frank Act, Pub. L. No. 111-203, and

Whereas, former U.S. Representative Judy Biggert of Illinois, who during the 112th Congress chaired the Subcommittee on Insurance, Housing and Community Opportunity of the House Committee on Financial Services and who was a supporter of the NRRA, wrote in a December 18, 2012 letter to the Chairman-elect and Ranking Member-elect of the full Committee that the NRRA was “intended to create certainty in the tax treatment and regulation of the surplus lines and in the reinsurance industry,” and stated unequivocally that it was never intended to include the captive insurance industry, and

Whereas, some states are misinterpreting NRRA’s definition of “Nonadmitted” to apply to the captive insurance industry, and

Whereas, the result of this incorrect interpretation is that the captive insurance companies are unsure of how to respond to the new tax requirements from these states, and

Whereas, the captive insurance industry serves an important role in the overall economic system, and it is important that incorrect interpretations of congressional intent not hamper the captive insurance industry, and

Whereas, it is detrimental to the captive insurance industry and the many companies that rely on captive insurance for their insurance needs for this incorrect interpretation of congressional intent to continue, and

Whereas, Vermont is one of more than 30 states that have enacted captive insurance laws, and

Whereas, Vermont has been a leading captive insurance domicile in the country since passage of 1981 VT. Acts and Resolves No. 28, related to captive insurance companies, and more captive insurance companies are domiciled in Vermont than in any other state, and

Whereas, the House and Senate committees with jurisdiction over insurance matters and Governor Peter Shumlin have expressed concern that the confusion over the applicability of the NRRA could be damaging to the captive insurance industry, and

Whereas, in an effort to clarify that the NRRA was not intended to be applicable to captive insurance companies, the Coalition for Captive Insurance Clarity has been formed, and the Vermont Captive Insurance Association has assumed the leadership role in this attempt “to coordinate efforts to amend the law and provide clear and definitive language regarding the captive insurance industry and the NRRA,” which would clarify that the NRRA does not apply to the captive insurance industry, now therefore be it

Resolved by the Senate and House of Representatives:

That the General Assembly expresses its support for the effort of the Coalition for Captive Insurance Clarity to persuade Congress to clarify that the Nonadmitted and Reinsurance Reform Act of 2010 is not applicable to the captive insurance industry, and be it further

Resolved: That the Secretary of State be directed to send a copy of this resolution to Governor Peter Shumlin and the Vermont Congressional Delegation.