

1 H.785

2 Introduced by Representatives Martin of Wolcott and Woodward of Johnson

3 Referred to Committee on

4 Date:

5 Subject: Insurance; automobile; self-insurance; religious organizations

6 Statement of purpose of bill as introduced: This bill proposes to allow
7 religious organizations that meet certain requirements to self-insure their
8 automobile liability policies in Vermont, subject to rules adopted by the
9 Commissioner of Financial Regulation.

10 An act relating to self-insurance of automobile liability for religious
11 organizations

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

13 Sec. 1. 23 V.S.A. § 801 is amended to read:

14 § 801. PROOF OF FINANCIAL RESPONSIBILITY REQUIRED

15 * * *

16 (c) In lieu of the insurance policy or surety bond required under this
17 section, a person may qualify as a self-insurer by obtaining a certificate of
18 self-insurance from the Commissioner, who may, in his or her discretion, upon
19 the application of such person, issue ~~said~~ the certificate of self-insurance, when
20 he or she is satisfied that such person is possessed of a net unencumbered

1 capital of at least \$115,000.00. The Commissioner may require annual reports
2 from any self-insurer, which reports must show at least \$115,000.00
3 unencumbered net worth. Whenever the Commissioner finds that any self-
4 insurer does not possess \$115,000.00 of unencumbered net worth, he or she
5 shall revoke the certificate of self-insurance. Failure to pay any judgment,
6 within statutory limits, after such judgment shall have become final, shall
7 constitute reasonable grounds for the cancellation of a certificate of
8 self-insurance. A certificate of self-insurance obtained by a self-insurer shall
9 insure every person operating a motor vehicle, owned by ~~said~~ the self-insurer,
10 with his or her express or implied permission, against loss within statutory
11 limits from the liability imposed by law upon such person arising out of the
12 operation of ~~said~~ the motor vehicle and shall be for the benefit of any person
13 suffering personal injuries or property damage arising out of the use of such
14 motor vehicle with such express or implied permission.

15 * * *

16 (f)(1) In addition to the persons described in subsection (c) of this section, a
17 religious organization that meets the requirements of this subsection may
18 qualify as a self-insurer for motor vehicle liability insurance for all motor
19 vehicles registered in this State owned or leased by members of such religious
20 organization that obtains a certificate from the Commissioner of Financial
21 Regulation. The Commissioner may, in his or her discretion, upon the

1 application of such religious organization, issue a certificate when he or she is
2 satisfied that such religious organization meets the qualifications of this
3 subsection and has and will continue to have the ability to provide coverages,
4 benefits, and claims-handling procedures substantially equivalent to those
5 afforded by a policy of vehicle insurance in compliance with this chapter.

6 (2) In addition to any other rules adopted by the Commissioner, a
7 religious organization seeking to obtain a certificate under the provisions of
8 this subsection shall meet the following qualifications:

9 (A) The religious organization shall be a recognized sect or division
10 of a recognized religious group having established tenets or teachings and shall
11 have remained in existence continuously since December 31, 1950, and whose
12 members hold a common belief in mutual financial assistance in time of need.

13 (B) The religious organization shall be a recognized sect or division
14 of a religious group which has been a recognized religious group for purposes
15 of exemption from federal Social Security and Medicare taxes since
16 December 31, 1970.

17 (C) The religious organization has filed with the Commissioner of
18 Financial Regulation the required minimum security. The required minimum
19 security shall in no event be less than the following amounts:

<u>Number of Vehicles</u>	<u>Required Security</u>
<u>1–50</u>	<u>\$150,000.00</u>
<u>51–100</u>	<u>\$200,000.00</u>
<u>101–150</u>	<u>\$300,000.00</u>
<u>151–200</u>	<u>\$350,000.00</u>
<u>201–250</u>	<u>\$400,000.00</u>
<u>251–350</u>	<u>\$500,000.00</u>
<u>351 or more</u>	<u>\$600,000.00</u>

(3) The only forms of acceptable required minimum security shall be rendered in one or more of the following:

(A) U.S. currency placed as collateral with the Commissioner;

(B) irrevocable letters of credit valid for a period of at least 24 months and renewable every 12 months and issued by a financial institution chartered by an agency of this State or the federal government; or

(C) bonds or other negotiable obligations issued by this State, or a subdivision or instrumentality of this State, if not in default as to principal or interest.

(4) A certificate issued pursuant to this subsection shall be valid for a period of 12 months and may be renewed upon the religious organization's filing of an appropriate application, including a report of all claims incurred during the preceding calendar year, the number of covered motor vehicles, and

1 proof that the organization continues to meet the requirements of this
2 subsection. If, based upon the number of claims incurred by the organization
3 during the preceding calendar year or the number of covered motor vehicles,
4 the Commissioner of Financial Regulation determines that the required
5 minimum security under this subsection is inadequate, he or she may require
6 additional minimum security or reports, or both.

7 (5) Upon a determination that a religious organization granted a
8 certificate pursuant to this subsection has failed to pay on any valid claim
9 within 30 days of its submission or has failed to satisfy any judgment within
10 30 days after such judgment shall become final, the Commissioner of Financial
11 Regulation shall revoke such insurer's certificate. The Commissioner may on
12 reasonable grounds cancel a certificate of self-insurance granted under this
13 subsection, and is authorized to adopt rules prescribing the grounds for
14 cancellation of certificates.

15 Sec. 2. EFFECTIVE DATE

16 This act shall take effect on passage and shall apply to all automobile
17 policies and certificates offered, issued, or renewed on or after October 1,
18 2014.