

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce and Economic Development to which was  
3 referred House Bill No. 563 entitled “An act relating to captive insurance laws  
4 and accreditation standards” respectfully reports that it has considered the  
5 same and recommends that the bill be amended by striking out all after the  
6 enacting clause and inserting in lieu thereof the following:

7 \* \* \* Dormant Captive Insurance Companies \* \* \*

8 Sec. 1. 8 V.S.A. § 6024 is added to read:

9 § 6024. DORMANT CAPTIVE INSURANCE COMPANIES

10 (a) As used in this section, unless the context requires otherwise, “dormant  
11 captive insurance company” means a pure captive insurance company  
12 which has:

13 (1) at no time, insured controlled unaffiliated business;

14 (2) ceased transacting the business of insurance, including the issuance  
15 of insurance policies; and

16 (3) no remaining liabilities associated with insurance business  
17 transactions, or insurance policies issued prior to the filing of its application for  
18 a certificate of dormancy under this section.

19 (b) A pure captive insurance company domiciled in Vermont which meets  
20 the criteria of subsection (a) of this section may apply to the Commissioner for

1 a certificate of dormancy. The certificate of dormancy shall be subject to  
2 renewal every five years and shall be forfeited if not renewed within such time.

3 (c) A dormant captive insurance company which has been issued a  
4 certificate of dormancy shall:

5 (1) possess and thereafter maintain unimpaired, paid-in capital and  
6 surplus of not less than \$25,000.00;

7 (2) prior to March 15 of each year, submit to the Commissioner a report  
8 of its financial condition, verified by oath of two of its executive officers, in a  
9 form as may be prescribed by the Commissioner; and

10 (3) pay a license renewal fee as provided in subsection 6002(d) of this  
11 chapter.

12 (d) A dormant captive insurance company shall not be subject to or liable  
13 for the payment of any tax under section 6014 of this chapter.

14 (e) A dormant captive insurance company shall apply to the Commissioner  
15 for approval to surrender its certificate of dormancy and resume conducting the  
16 business of insurance prior to issuing any insurance policies.

17 (f) A certificate of dormancy shall be revoked if a dormant captive  
18 insurance company no longer meets the criteria of subsection (a) of this  
19 section.

20 (g) The Commissioner may establish guidelines and procedures as  
21 necessary to carry out the provisions of this section.



1       (a) This chapter applies to risk retention groups domiciled in this State  
2       operating under the provisions of chapters 141 and 142 of this title and to  
3       persons serving as managing general agents for such risk retention groups.

4       (b) The provisions of chapter 131, subchapter 2 of this title, pertaining to  
5       producer controlled insurers, shall apply to risk retention groups chartered in  
6       this State.

7               \* \* \* Captive; Reciprocal Insurer; Assessments; Exemption \* \* \*

8       Sec. 5. 8 V.S.A. § 6006(j) is amended to read:

9       (j) Captive insurance companies formed as reciprocal insurers under the  
10       provisions of this chapter shall have the privileges and be subject to the  
11       provisions of chapter 132 of this title in addition to the applicable provisions of  
12       this chapter. In the event of a conflict between the provisions of chapter 132  
13       and the provisions of this chapter, the latter shall control. However, in  
14       approving assessments levied upon subscribers of a captive insurance company  
15       formed as a reciprocal insurer, the Commissioner may exempt the company  
16       from any provision of sections 4850 (assessments), 4851 (time limit for  
17       assessments), and 4852 (aggregate of liability) of chapter 132. To the extent a  
18       reciprocal insurer is made subject to other provisions of this title pursuant to  
19       chapter 132, such provisions shall not be applicable to a reciprocal insurer  
20       formed under this chapter unless such provisions are expressly made  
21       applicable to captive insurance companies under this chapter.



1 purpose financial insurance companies under subchapter 4 of this chapter, with  
2 the option to establish one or more protected cells as a separate corporation,  
3 mutual corporation, nonprofit corporation, ~~or~~ limited liability company, or  
4 reciprocal insurer. This section shall not be construed to limit any rights or  
5 protections applicable to protected cells not established as corporations, mutual  
6 corporations, nonprofit corporations, ~~or~~ limited liability companies, or  
7 reciprocal insurers.

8 \* \* \* Risk Based Capital for Risk Retention Groups \* \* \*

9 Sec. 9. 8 V.S.A. § 6052(f) is added to read:

10 (f) The provisions of chapter 159 of this title (risk based capital for  
11 insurers) shall apply to risk retention groups chartered in this State, except that  
12 the Commissioner may elect not to take regulatory action as otherwise required  
13 by sections 8303–8306 of chapter 159 of this title, provided at least one of the  
14 following conditions exist:

15 (1) The Commissioner determines that the risk retention group's  
16 members or sponsoring organization, or both, are sufficiently capitalized to  
17 support the operations of the risk retention group. As required by the  
18 Commissioner, the members or sponsoring organization, or both, shall provide  
19 evidence of:

