

1                                   **Proposal of Amendment from DFR for**  
2                                   **Consideration by House Commerce**

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4           TO THE HOUSE OF REPRESENTATIVES:

5           The Committee on Commerce and Economic Development to which was  
6           referred House Bill No. 563 entitled “An act relating to captive insurance laws  
7           and accreditation standards” respectfully reports that it has considered the  
8           same and recommends that the bill be amended by striking out Sec. 9 in its  
9           entirety and by inserting a new Sec. 9 to read as follows:

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

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

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

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

1           (A) an investment grade credit rating from a nationally recognized  
2           statistical rating organization or rating of A- or better by the A. M. Best  
3           Company;

4           (B) an excess of assets over liabilities of at least \$100 million; or

5           (C) an excess of assets over liabilities of at least 10 times the risk  
6           retention group's largest net retained per occurrence limit.

7           (2) Each policyholder qualifies as an industrial insured under the law of  
8           his or her home state, or under Vermont law, whichever the Commissioner  
9           determines to be more stringent.

10           (3) The risk retention group's certificate of authority was issued prior to  
11           January 1, 2011 and, based on a minimum of five years of solvent operation, is  
12           specifically exempted from the requirements for mandatory action in writing  
13           by the Commissioner.

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17           (Committee vote: \_\_\_\_\_)

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Representative [surname]

FOR THE COMMITTEE