

January 14, 2014

LEGACY INSURANCE MANAGEMENT ACT – H.198

SECTION BY SECTION SUMMARY

§ 7111. DEFINITIONS.

Section 7111 sets forth defined terms used in the Act.

§ 7112. APPLICATION; FEE; PLAN.

Section 7112 specifies the information, documentation and other materials (e.g., forms of notice to policyholders and reinsurance counterparties) that are required to be set forth in an “insurance business transfer plan” submitted to the Commissioner under the Act.

Section 7112 also sets forth the timing of milestone events such as the submission of a plan to the Commissioner, the Commissioner’s notice that the plan, as submitted, is complete or incomplete, the delivery of notice to policyholders and reinsurance counterparties under the plan and the Commissioner’s hearing on the plan.

§ 7113. PLAN REVIEW.

Section 7113 deals with the Commissioner’s review and analysis of a submitted insurance business transfer plan. The Commissioner is, *inter alia*, authorized to retain actuaries and other legal, financial and examination advisers in connection with such review.

Section 7113 also specifies certain findings that the Commissioner is required to make with respect to a plan, based on the information, documentation and other materials in the plan and comments received and other evidence taken by the Commissioner: e.g., the Commissioner is required to make findings regarding the solvency of the assuming company and the ability of the assuming company to comply with the terms of the insurance policies and reinsurance agreements to be transferred under the plan.

§ 7114. PLAN REVIEW.

Section 7114 describes the timing, terms and effects of the Commissioner’s order approving or disapproving an insurance business transfer plan.

If the Commissioner issues an order approving a plan, the order must set forth the terms and conditions of the Commissioner’s oversight of the assuming company’s operations, management and solvency.

§ 7115. PLAN REVIEW.

Section 7115 provides for appeal to the Vermont Supreme Court regarding the Commissioner’s review and approval or denial of an insurance business transfer plan.

§ 7116. FEES AND COSTS.

January 14, 2014

Section 7116 details the fees and costs payable to the Commissioner in connection with the review of an insurance business transfer plan, including an administrative fee, the reimbursement of the costs of actuaries and other advisers retained by the Commissioner and, if a transfer is approved, a transfer fee determined according to the aggregate amount of the gross liabilities transferred under the plan.

§ 7117. EXAMINATION.

Section 7117 empowers the Commissioner to examine records, books and other information relating to the financial condition or conduct of an assuming company and to retain attorneys, actuaries, accountants and other advisers to assist in any examination.

§ 7118. APPLICABLE LAWS.

Section 7118 addresses conflicts between LIMA and other laws under Title 8.

§ 7119. ASSUMING COMPANIES.

Section 7119 requires assuming companies to maintain their principal places of business in Vermont and conduct regular meetings of their directors or managers in Vermont.

§ 7120. POSTING OF PLANS ON WEBSITE.

Section 7120 requires submitted insurance business transfer plans and related materials to be posted on the DFR website.

§ 7121. REGULATION OF ASSUMING COMPANIES AND SERVICE PROVIDERS.

Section 7121 provides for the regulation by the Commissioner of assuming companies and companies providing services to them.