

Senate Calendar

FRIDAY, MARCH 25, 2016

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ACTION CALENDAR

UNFINISHED BUSINESS OF THURSDAY, MARCH 24, 2016

Third Reading

S. 220.

An act relating to the public financing of campaigns.

NEW BUSINESS

Second Reading

Favorable

H. 575.

An act relating to eliminating the role of town service officers in administering General Assistance benefits.

Reported favorably by Senator Collamore for the Committee on Health & Welfare.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of February 4, 2016, page 167)

H. 625.

An act relating to extending the exemption from encumbrance on title of properties subject to a pretransition stormwater permit.

Reported favorably by Senator Campion for the Committee on Natural Resources & Energy.

(Committee vote: 4-0-1)

(For House amendments, see House Journal of February 16, 2016, page 209)

Favorable with Proposal of Amendment

H. 248.

An act relating to miscellaneous revisions to the air pollution statutes.

Reported favorably with recommendation of proposal of amendment by Senator Rodgers for the Committee on Natural Resources & Energy.

The Committee recommends that the Senate propose to the House to amend the bill as follows:

First: By striking out Sec. 1 in its entirety and inserting in lieu thereof:

Sec. 1. [Deleted.]

Second: By striking out Sec. 5 in its entirety and inserting in lieu thereof:

Sec. 5. 10 V.S.A. § 8003 is amended to read:

§ 8003. APPLICABILITY

(a) The Secretary may take action under this chapter to enforce the following statutes and rules, permits, assurances, or orders implementing the following statutes, and the Board may take such action with respect to subdivision (10) of this subsection:

* * *

(26) 10 V.S.A. chapter 168, relating to the collection and disposal of primary batteries; ~~and~~

(27) 10 V.S.A. chapter 123, relating to threatened and endangered species; and

(28) 30 V.S.A. § 255, relating to regional coordination to reduce greenhouse gases.

* * *

(Committee vote: 4-0-1)

(No House amendments)

Proposal of amendment to H. 248 to be offered by Senator Rodgers

Senator Rodgers moves that the Senate propose to the House to amend the bill in Sec. 6 (effective dates), by striking out “2015” and inserting in lieu thereof: 2016

H. 538.

An act relating to captive insurance companies.

Reported favorably with recommendation of proposal of amendment by Senator Ayer for the Committee on Finance.

The Committee recommends that the Senate propose to the House to amend the bill by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Captive Insurance Company Reports and Statements * * *

Sec. 1. 8 V.S.A. § 6007(c) is amended to read:

(c) Any pure captive insurance company, association captive insurance company, sponsored captive insurance company, or ~~an~~ industrial insured captive insurance company may make written application for filing the required report on a fiscal year-end. If an alternative reporting date is granted:

(1) the annual report is due 75 days after the fiscal year-end; and

(2) in order to provide sufficient detail to support the premium tax return, the pure captive insurance company, association captive insurance company, sponsored captive insurance company, or industrial insured captive insurance company shall file prior to March 15 of each year for each calendar year-end, pages 1, 2, 3, and 5 of the ~~“Captive Annual Statement; Pure or Industrial Insured,”~~ “Vermont Captive Insurance Company Annual Report verified by oath of two of its executive officers.

* * * Dormant Captive Insurance Companies * * *

Sec. 2. 8 V.S.A. § 6024 is amended to read:

§ 6024. DORMANT CAPTIVE INSURANCE COMPANIES

(a) As used in this section, unless the context requires otherwise, “dormant captive insurance company” means a pure captive insurance company ~~which,~~ sponsored captive insurance company, or industrial insured captive insurance company that has:

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

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

~~(3)~~(2) no remaining liabilities associated with insurance business transactions, or insurance policies issued prior to the filing of its application for a certificate of dormancy under this section.

(b) A ~~pure~~ captive insurance company domiciled in Vermont ~~which that~~ meets the criteria of subsection (a) of this section may apply to the Commissioner for a certificate of dormancy. The certificate of dormancy shall be subject to renewal every five years and shall be forfeited if not renewed within such time.

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

* * *

* * * Protected Cells; Conversion; Sale; Assignment; Transfer * * *

Sec. 3. 8 V.S.A. § 6034b is added to read:

§ 6034b. PROTECTED CELL CONVERSION INTO AN INCORPORATED PROTECTED CELL

(a) Subject to the prior written approval of the Commissioner, on application of the sponsor and with the prior consent of each participant of the affected protected cell or as otherwise permitted pursuant to a participation agreement, a sponsored captive insurance company or a sponsored captive insurance company licensed as a special purpose financial insurance company may convert a protected cell into an incorporated protected cell pursuant to the provisions of section 6034a of this title, without affecting the protected cell's assets, rights, benefits, obligations, and liabilities.

(b) Any such conversion shall be deemed for all purposes to be a continuation of the protected cell's existence together with all of its assets, rights, benefits, obligations, and liabilities, as an incorporated protected cell of the sponsored captive insurance company or sponsored captive insurance company licensed as a special purpose financial insurance company, as applicable. Any such conversion shall be deemed to occur without any transfer or assignment of any such assets, rights, benefits, obligations, or liabilities and without the creation of any reversionary interest in, or impairment of, any such assets, rights, benefits, obligations, and liabilities.

Sec. 4. 8 V.S.A. § 6034c is added to read:

§ 6034c. SALE, TRANSFER, OR ASSIGNMENT OF PROTECTED CELLS

(a) Subject to the prior written approval of the Commissioner, on application of the sponsor and with the prior consent of each participant of the affected protected cell or as otherwise permitted pursuant to a participation agreement, or the consent of the affected incorporated protected cell, a sponsored captive insurance company or a sponsored captive insurance company licensed as a special purpose financial insurance company may sell, transfer, assign, and otherwise convey a protected cell or incorporated protected cell together with all of the protected cell's assets, rights, benefits, obligations, and liabilities to a new or existing sponsored captive insurance company or sponsored captive insurance company licensed as a special purpose financial insurance company, pursuant to a plan or plans of operation approved by the Commissioner.

(b) Any such sale, transfer, assignment, or conveyance shall be deemed for all purposes to be a continuation of the protected cell's existence together with all of its assets, rights, benefits, obligations, and liabilities, as a protected cell of the transferee.

(c) Any such sale, transfer, assignment, or conveyance shall not be construed to limit any rights or protections applicable to the transferred protected cell or incorporated protected cell and the transferor sponsored captive insurance company or sponsored captive insurance company licensed as a special purpose financial insurance company under this subchapter or under section 6048n of this title, as applicable, that existed immediately prior to any such sale, transfer, assignment, or conveyance.

Sec. 5. 8 V.S.A. § 6034d is added to read:

§ 6034d. PROTECTED CELL CONVERSION

(a)(1) Subject to the prior written approval of the Commissioner, on application of the sponsor and with the prior consent of each participant of the affected protected cells or as otherwise permitted pursuant to a participation agreement and the consent of each affected incorporated protected cell, a sponsored captive insurance company or a sponsored captive insurance company licensed as a special purpose financial insurance company may convert one or more protected cells or incorporated protected cells into a:

(A) single protected cell or incorporated protected cell;

(B) new sponsored captive insurance company;

(C) new sponsored captive insurance company licensed as a special purpose financial insurance company;

(D) new special purpose financial insurance company;

(E) new pure captive insurance company;

(F) new risk retention group;

(G) new industrial insured captive insurance company; or

(H) new association captive insurance company.

(2) Any such conversion shall be subject to section 6031 and subchapters 1 and 4 of this title, as applicable, as well as to a plan or plans of operation approved by the Commissioner, without affecting any protected cell's or incorporated protected cell's assets, rights, benefits, obligations, and liabilities.

(b) Any such conversion shall be deemed for all purposes to be a continuation of each such protected cell's or incorporated protected cell's existence together with all of its assets, rights, benefits, obligations, and liabilities, as a new protected cell or incorporated protected cell, a licensed sponsored captive insurance company, a sponsored captive insurance company licensed as a special purpose financial insurance company, a special purpose

financial insurance company, a pure captive insurance company, a risk retention group, an industrial insured captive insurance company, or an association captive insurance company, as applicable. Any such conversion shall be deemed to occur without any transfer or assignment of any such assets, rights, benefits, obligations, or liabilities and without the creation of any reversionary interest in, or impairment of, any such assets, rights, benefits, obligations, and liabilities.

(c) Any such conversion shall not be construed to limit any rights or protections applicable to any converted protected cell or incorporated protected cell and such sponsored captive insurance company or sponsored captive insurance company licensed as a special purpose financial insurance company under this subchapter or under subchapter 4 of this title, as applicable, that existed immediately prior to the date of any such conversion.

* * * Risk Retention Groups; Governance Standards * * *

Sec. 6. 8 V.S.A. § 6052(g) is amended to read:

(g) This subsection establishes governance standards for a risk retention group.

(1) As used in this subsection:

(A) “Board of directors” or “board” means the governing body of a risk retention group elected by risk retention group members to establish policy, elect or appoint officers and committees, and make other governing decisions.

(B) “Director” means a natural person designated in the articles of the risk retention group or designated, elected, or appointed by any other manner, name, or title to act as a ~~director~~ member of the governing body of the risk retention group.

(C) “Independent director” means a director who does not have a material relationship with the risk retention group. A person that is a direct or indirect owner of or subscriber in the risk retention group - or is an officer, director, or employee of such an owner and insured, unless some other position of such officer, director, or employee constitutes a “material relationship” - as contemplated under subdivision 3901(a)(4)(E)(ii) of the federal Liability Risk Retention Act, is considered to be “independent.” A director has a material relationship with a risk retention group if he or she, or a member of his or her immediate family:

(i) In any 12-month period, receives from the risk retention group, or from a consultant or service provider to the risk retention group, compensation or other item of value in an amount equal to or greater than five

percent of the risk retention group's gross written premium or two percent of the risk retention group's surplus, as measured at the end of any fiscal quarter falling in such 12-month period, whichever is greater. This provision also applies to compensation or items of value received by any business with which the director is affiliated. Such material relationship shall continue for one year after the item of value is received or the compensation ceases or falls below the threshold established in this subdivision, as applicable.

(ii) Has a relationship with an auditor as follows: Is affiliated with or employed in a professional capacity by a current or former internal or external auditor of the risk retention group. Such material relationship shall continue for one year after the affiliation or employment ends.

(iii) Has a relationship with a related entity as follows: Is employed as an executive officer of another company whose board of directors includes executive officers of the risk retention group, unless a majority of the membership of such other company's board of directors is the same as the membership of the board of directors of the risk retention group. Such material relationship shall continue until the employment or service ends.

(D) "Material service provider" includes a captive manager, auditor, accountant, actuary, investment advisor, attorney, managing general underwriter, or other person responsible for underwriting, determination of rates, premium collection, claims adjustment or settlement, or preparation of financial statements, whose aggregate annual contract fees are equal to or greater than five percent of the risk retention group's annual gross written premium or two percent of its surplus, whichever is greater. It does not mean defense counsel retained by a risk retention group, unless his or her annual fees ~~are~~ have been equal to or greater than five percent of a risk retention group's annual gross premium or two percent of its surplus, whichever is greater, during three or more of the previous five years.

(2) The board shall have a majority of independent directors. The board of directors shall determine whether a director is independent; review such determinations annually; and maintain a record of the determinations, which shall be provided to the Commissioner promptly, upon request. ~~The board shall have a majority of independent directors. If the risk retention group is reciprocal, then the attorney in fact is required to adhere to the same standards regarding independence as imposed on the risk retention group's board of directors~~ If the Commissioner disagrees with the board's determination regarding independence, the board, within six months, shall take such actions as are necessary in order to obtain written confirmation from the Commissioner that the board meets the independence requirements set forth in this subdivision (1)(C) of this subsection.

(3) The term of any material service provider contract entered into with a risk retention group shall not exceed five years. The contract, or its renewal, requires approval of a majority of the risk retention group's independent directors. The board of directors has the right to terminate a contract at any time for cause after providing adequate notice, as defined in the terms of the contract.

(4) A risk retention group shall not enter into a material service provider contract without the prior written approval of the Commissioner.

(5) A risk retention group's ~~plan of operation~~ business plan shall include written policies approved by its board of directors requiring the board to:

(A) provide evidence of ownership interest to each risk retention group member;

(B) develop governance standards applicable to the risk retention group;

(C) oversee the evaluation of the risk retention group's management, including the performance of its captive manager, managing general underwriter, or other person or persons responsible for underwriting, rate determination, premium collection, claims adjustment and settlement, or preparation of financial statements;

(D) review and approve the amount to be paid under a material service provider contract; and

(E) at least annually, review and approve:

(i) the risk retention group's goals and objectives relevant to the compensation of officers and material service providers;

(ii) the performance of officers and material service providers as measured against the risk retention group's goals and objectives;

(iii) the continued engagement of officers and material service providers.

(6) A risk retention group shall have an audit committee composed of at least three independent board members. A nonindependent board member may participate in the committee's activities, if invited to do so by the audit committee, but he or she shall not serve as a committee member. The Commissioner may waive the requirement of an audit committee if the risk retention group demonstrates to the Commissioner's satisfaction that having such committee is impracticable and the board of directors is able to perform sufficiently the committee's responsibilities. The audit committee shall have a written charter defining its responsibilities, which shall include:

(A) assisting board oversight of the integrity of financial statements, compliance with legal and regulatory requirements, and qualifications, independence, and performance of the independent auditor or actuary;

(B) reviewing quarterly financial statements and annual ~~and quarterly~~ audited financial statements with management;

(C) reviewing annual audited financial statements with its independent auditor and, if it deems advisable, the risk retention group's quarterly financial statements as well;

(D) reviewing risk assessment and risk management policies;

(E) meeting with management, either directly or through a designated representative of the committee;

(F) meeting with independent auditors, either directly or through a designated representative of the committee;

(G) reviewing with the independent auditor any audit problems and management's response;

(H) establishing clear hiring policies applicable to the hiring of employees or former employees of the independent auditor by the risk retention group;

(I) requiring the independent auditor to rotate the lead audit partner having primary responsibility for the risk retention group's audit, as well as the audit partner responsible for reviewing that audit, so that neither individual performs audit services for the risk retention group for more than five consecutive fiscal years; and

(J) reporting regularly to the board of directors.

* * *

* * * Effective Date * * *

Sec. 7. EFFECTIVE DATE

This act shall take effect on passage.

(Committee vote: 6-0-1)

(For House amendments, see House Journal for January 21, 2016, page 56)

NOTICE CALENDAR

Second Reading

Favorable

H. 548.

An act relating to extraordinary dividends for life insurers.

Reported favorably by Senator Westman for the Committee on Finance.

(Committee vote: 6-0-1)

(No House amendments)

H. 622.

An act relating to obligations for reporting child abuse and neglect and cooperating in investigations of child abuse and neglect.

Reported favorably by Senator Pollina for the Committee on Health & Welfare.

(Committee vote: 5-0-0)

(For House amendments, see House Journal of February 11, 2016, page 187 and February 19, 2016, page 255)

Favorable with Recommendation of Amendment

S. 242.

An act relating to the service of civil process by a constable.

Reported favorably with recommendation of amendment by Senator White for the Committee on Government Operations.

The Committee recommends that the bill be amended as follows:

First: In Sec. 1, 32 V.S.A. § 1591 (sheriffs and other officers), by striking out subdivision (1)(D) in its entirety and inserting in lieu thereof the following:

(D)(i) All civil process to be served by a constable shall be directed to the legislative body of the town in which the constable serves. The legislative body shall assign civil process to the constable to ensure that process is completed in a timely and orderly manner. All payments for service of civil process shall be made to the town. A constable shall be entitled to fees paid for service of process, except as provided in subdivision (ii) of this subdivision (D). A constable shall not receive fees or payment in lieu of fees for civil process, except payment for actual and necessary expenses.

(ii) Quarterly, 15 percent of the gross civil process fees received by a town during that quarter shall be forwarded as follows:

(I) ten percent to the State Treasurer for deposit in the State's General Fund; and

(II) five percent to the town.

Second: By striking out in its entirety Sec. 2 (effective date) and inserting in lieu thereof the following:

Sec. 2. 24 V.S.A. § 1936a is amended to read:

§ 1936a. CONSTABLES; POWERS AND QUALIFICATIONS

(a) A town may vote at a special or annual town meeting to prohibit constables from exercising any law enforcement authority or from exercising the service of civil or criminal process.

(b) Notwithstanding the provisions of subsection (a) of this section, constables may perform the following duties:

(1) ~~the service of civil or criminal process, under 12 V.S.A. § 691;~~
[Repealed.]

* * *

Sec. 3. EFFECTIVE DATE

This act shall take effect on July 1, 2017.

(Committee vote: 5-0-0)

Reported favorably by Senator Sirotkin for the Committee on Finance.

The Committee on Finance recommends that the bill pass when amended as recommended by the Committee on Government Operations.

(Committee vote: 7-0-0)

Favorable with Proposal of Amendment

H. 183.

An act relating to security in the Capitol Complex.

Reported favorably with recommendation of proposal of amendment by Senator Flory for the Committee on Institutions.

The Committee recommends that the Senate propose to the House to amend the bill in Sec. 1, 2 V.S.A. chapter 30, § 991, in subsection (b), subdivision (2),

by striking out subsection (b), subdivision (2) in its entirety and inserting in lieu thereof the following:

(2) In the first year, the Chair of the House Committee on Corrections and Institutions shall serve as Chair of the Committee and the Chair of the Senate Committee on Institutions shall serve as Vice Chair. Annually thereafter, the offices of Chair and Vice Chair shall rotate between the Chairs of the House Committee on Corrections and Institutions and the Senate Committee on Institutions.

(Committee vote: 5-0-0)

(For House amendments, see House Journal for March 17, 2016, page 491-494)

CONCURRENT RESOLUTIONS FOR ACTION

S.C.R. 40 (For text of Resolutions, see Addendum to Senate Calendar for March 24, 2016)

H.C.R. 287-301 (For text of Resolutions, see Addendum to House Calendar for March 24, 2016)

CONFIRMATIONS

The following appointments will be considered by the Senate, as a group, under suspension of the Rules, as moved by the President *pro tempore*, for confirmation together and without debate, by consent thereby given by the Senate. However, upon request of any senator, any appointment may be singled out and acted upon separately by the Senate, with consideration given to the report of the Committee to which the appointment was referred, and with full debate; and further, all appointments for the positions of Secretaries of Agencies, Commissioners of Departments, Judges, Magistrates, and members of the Public Service Board shall be fully and separately acted upon.

Christopher Cole of Richmond – Secretary of the Agency of Transportation – By Sen. Mazza for the Committee on Transportation. (3/16/16)

Kevin Bourdon of Waltham – Member, Electricians Licensing Board – By Sen. Balint for the Committee on Econ. Dev., Housing and General Affairs. (3/11/16)

Hannah Sessions of Salisbury – Member, Vermont Housing and Conservation Board – By Sen. Balint for the Committee on Econ. Dev., Housing and General Affairs. (3/11/16)

Robert Williams of Poultney – Member, Electricians Licensing Board – By Sen. Mullin for the Committee on Econ. Dev., Housing and General Affairs. (3/15/16)

Thomas Lauzon of Barre – Member, Liquor Control Board – By Sen. Cummings for the Committee on Econ. Dev., Housing and General Affairs. (3/15/16)

FOR INFORMATION ONLY

CROSS OVER DATES

The Joint Rules Committee established the following Crossover deadlines:

(1) All **Senate/House** bills must be reported out of the last committee of reference (including the Committees on Appropriations and Finance/Ways and Means, except as provided below in (2) and the exceptions listed below) on or before **Friday, March 11, 2016**, and filed with the Secretary/Clerk so they may be placed on the Calendar for Notice the next legislative day.

(2) All **Senate/House** bills referred pursuant to Senate Rule 31 or House Rule 35(a) to the Committees on Appropriations and Finance/Ways and Means must be reported out by the last of those committees on or before **Friday, March 18, 2016**, and filed with the Secretary/Clerk so they may be placed on the Calendar for Notice the next legislative day.

Note: The Senate will not act on bills that do not meet these crossover deadlines, without the consent of the Senate Rules Committee.

Exceptions to the foregoing deadlines include the major money bills (Appropriations “Big Bill”, Transportation Spending Bill, Capital Construction Bill, and Miscellaneous Tax Bill).