

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce and Economic Development to which was  
3 referred Senate Bill No. 56 entitled “An act relating to life insurance policies  
4 and the Vermont Uniform Securities Act” respectfully reports that it has  
5 considered the same and recommends that the House propose to the Senate that  
6 the bill be amended by striking out all after the enacting clause and inserting in  
7 lieu thereof the following:

8 \* \* \* Secondary Addressee for Life Insurance \* \* \*

9 Sec. 1. 8 V.S.A. § 3762(d) is added to read:

10 (d) No individual policy of life insurance covering an individual 64 years  
11 of age or older that has been in force for at least one year shall be canceled for  
12 nonpayment of premium unless, after expiration of the grace period and not  
13 less than 21 days before the effective date of any such cancellation, the insurer  
14 has mailed a notice of impending cancellation in coverage to the policyholder  
15 and to a specified secondary addressee if such addressee has been designated  
16 by name and address in writing by the policyholder. An insurer shall notify the  
17 applicant of the right to designate a secondary addressee at the time of  
18 application for the policy on a form provided by the insurer, and annually  
19 thereafter, and the policyholder shall have the right to designate a secondary  
20 addressee, in writing, by name and address, at any time the policy is in force,  
21 by submitting such written notice to the insurer. If a life insurance policy

1 provides a grace period longer than 51 days for nonpayment of premium, the  
2 notice of cancellation in coverage required by this subsection shall be mailed  
3 to the policyholder and to the secondary addressee not less than 21 days prior  
4 to the expiration of the grace period provided in such policies.

5 \* \* \* Penalty Enhancements for

6 Violations Involving a Vulnerable Adult \* \* \*

7 Sec. 2. 8 V.S.A. § 24 is amended to read:

8 § 24. SENIOR INVESTOR PROTECTION

9 \* \* \*

10 (e) The Commissioner, in addition to other powers conferred on the  
11 Commissioner by law, may increase the amount of an administrative penalty  
12 by not more than \$5,000.00 per violation for violations involving a person who  
13 is a vulnerable adult as defined in 33 V.S.A. § 6902(14).

14 \* \* \* Securities Act Penalties, Generally; Vulnerable Adults \* \* \*

15 Sec. 3. 9 V.S.A. § 5412(c) is amended to read:

16 (c) If the Commissioner finds that the order is in the public interest and  
17 subdivisions (d)(1) through (6), (8), (9), (10), (12), or (13) of this section  
18 authorize the action, an order under this chapter may censure, impose a bar on,  
19 or impose a civil penalty on a registrant in an amount not more than  
20 \$15,000.00 for each violation ~~and not more than \$1,000,000.00 for more than~~  
21 ~~one violation,~~ and recover the costs of the investigation from the registrant,

1 and, if the registrant is a broker-dealer or investment adviser, a partner, officer,  
2 director, or person having a similar status or performing similar functions, or a  
3 person directly or indirectly in control of the broker-dealer or investment  
4 adviser. The limitations on civil penalties contained in this subsection shall not  
5 apply to settlement agreements.

6 Sec. 4. 9 V.S.A. § 5603(b)(2)(C) is amended to read:

7 (C) imposing a civil penalty up to \$15,000.00 for each violation ~~and~~  
8 ~~not more than \$1,000,000.00 for more than one violation~~; an order of  
9 rescission, restitution, or disgorgement directed to a person that has engaged in  
10 an act, practice, or course of business constituting a violation of this chapter or  
11 the predecessor act or a rule adopted or an order issued under this chapter or  
12 the predecessor act. The court may increase a civil penalty amount by not  
13 more than \$5,000.00 per violation for violations involving a person who is a  
14 vulnerable adult as defined in 33 V.S.A. § 6902(14). The limitations on civil  
15 penalties contained in this subdivision shall not apply to settlement  
16 agreements; and

17 Sec. 5. 9 V.S.A. § 5604(d) is amended to read:

18 (d) In a final order under subsection (b) or (c) of this section, the  
19 Commissioner may impose a civil penalty of not more than \$15,000.00 for  
20 each violation ~~and not more than \$1,000,000.00 for more than one violation.~~  
21 The Commissioner may also require a person to make restitution or provide

1 disgorgement of any sums shown to have been obtained in violation of this  
2 chapter, plus interest at the legal rate. The limitations on civil penalties  
3 contained in this subsection shall not apply to settlement agreements.

4 \* \* \* Securities Act Housekeeping \* \* \*

5 Sec. 6. 9 V.S.A. § 5302 is amended to read:

6 § 5302. NOTICE FILING

7 \* \* \*

8 (c) With respect to a security that is a federal covered security under  
9 15 U.S.C. ~~§ 77r(b)(4)(E)~~ § 77r(b)(4)(F), a rule under this chapter may require a  
10 notice filing by or on behalf of an issuer to include a copy of Form D,  
11 including the Appendix, as promulgated by the Securities and Exchange  
12 Commission, and a consent to service of process complying with section 5611  
13 of this chapter signed by the issuer not later than 15 days after the first sale of  
14 the federal covered security in this State and the payment of a fee as set forth  
15 in subsection (e) of this section. The notice filing shall be effective for one  
16 year from the date the notice filing is accepted as complete by the Office of the  
17 Commissioner. On or before expiration, the issuer may annually renew a  
18 notice filing by filing a copy of those records filed by the issuer with the  
19 Securities and Exchange Commission that are required by rule or order under  
20 this chapter to be filed and by paying an annual renewal fee as set forth in  
21 subsection (e) of this section.

1 (d) Subject to the provisions of 15 U.S.C. § 77r(c)(2) and any rules adopted  
2 thereunder, with respect to any security that is a federal covered security under  
3 15 U.S.C. § 77r(b)(3) or ~~(4)(A)-(C)~~ (4)(A)-(E) and (G) and that is not  
4 otherwise exempt under sections 5201 through 5203 of this title, a rule adopted  
5 or order issued under this chapter may require any or all of the following with  
6 respect to such federal covered securities, at such time as the Commissioner  
7 may deem appropriate:

8 \* \* \*

9 \* \* \* Philanthropy Protection Act; Exemption Repeal \* \* \*

10 Sec. 7. REPEAL

11 9 V.S.A. § 5615 (exempting Vermont from the Philanthropy Protection Act  
12 of 1995) is repealed.

13 \* \* \* Cooperative Insurance; Bylaws \* \* \*

14 Sec. 8. 8 V.S.A. § 3925 is amended to read:

15 § 3925. BYLAWS; COMPULSORY PROVISIONS

16 The bylaws of a cooperative insurance corporation to which a certificate of  
17 authority is issued shall include substantially the following provisions:

18 (1) The corporate powers of such corporation shall be exercised by a  
19 board of directors, who shall be not less than five in number. Such directors  
20 shall be divided into classes and a portion only elected each year. They shall  
21 be elected for a term of not more than four years each and shall choose ~~from~~

1 ~~their number~~ a president, a secretary, and such other officers as may be deemed  
2 necessary. After the first year, the directors shall be chosen at an annual  
3 meeting to be held on the second Tuesday of January, unless some other day is  
4 designated in such bylaws, at which meeting each person insured shall have  
5 one vote and may be entitled to vote by proxy under such rules and regulations  
6 as may be prescribed by the bylaws.

7 (2) Such corporation shall keep proper books, including a policy  
8 register, in which the secretary shall enter the complete record of all its  
9 transactions and those of the board of directors and executive committee. Such  
10 books shall at all times show fully and truly the condition, affairs, and business  
11 of such corporation and shall be open for inspection by every person insured,  
12 each day from nine o'clock in the forenoon to four o'clock in the afternoon,  
13 Saturdays, Sundays, and legal holidays excepted.

14 (3) If authorized as an assessment cooperative insurance corporation as  
15 outlined in subsection 3920(a) of this title, such corporation may assess for the  
16 purposes specified in section 3927 of this title, and the bylaws shall specify the  
17 manner of giving notice of such assessments, which may be either personal or  
18 by mail, and, if by mail, shall be deemed complete if such notice is deposited,  
19 postage prepaid, in the post office at the place where the principal office of the  
20 corporation is located, directed to the person insured at his or her last known  
21 place of residence or business. A person insured who neglects or refuses to

1 pay his or her assessments, for that reason or for any other reason satisfactory  
2 to the board of directors or its executive committee, may be excluded from  
3 such corporation and, when thus excluded, the secretary shall cancel or  
4 withdraw his or her policy or policies, subject to the cancellation provisions in  
5 sections 3879 through 3882 and chapter 113, subchapter 2 of this title,  
6 provided that such person shall remain liable for his or her pro rata share of  
7 losses and expenses incurred on or before the date of his or her exclusion and  
8 for the penalty herein provided, in case an action is brought against him or her.  
9 If a member of such corporation is so excluded and his or her policy so  
10 canceled, the secretary shall forthwith enter such cancellation and the date  
11 thereof on the records kept in the office of the corporation and serve notice of  
12 such cancellation on the person so excluded, as provided herein for the service  
13 of notice of assessment. However, in such event, the person so excluded or  
14 whose policy is so canceled shall be entitled to the repayment of an equitable  
15 portion of the unearned paid premium on such policy. The officers of such  
16 corporation shall proceed to collect all assessments within 30 days after the  
17 expiration of the notice to pay the same. Neglect or refusal on their part so to  
18 proceed or to perform any of the duties imposed on them by law shall render  
19 them individually liable for the amount lost to any person, due to such neglect  
20 or refusal, and an action may be maintained by such person against such  
21 officers to collect such amount. An action may be brought by the corporation

1 against a person insured therein to recover all assessments which he or she may  
2 neglect or refuse to pay, and there may be recovered from him or her in such  
3 action both the amount so assessed, with lawful interest thereon, and, as a  
4 penalty for such neglect or refusal, 50 percent of such assessment in addition  
5 thereto.

6 (4) Any person insured by an assessment cooperative insurance  
7 corporation may withdraw therefrom at any time by giving written notice to  
8 the corporation, stating the date of withdrawal, paying his or her share of all  
9 claims then existing against such corporation, and surrendering his or her  
10 policy or policies.

11 (5) Any person insured by a nonassessment cooperative insurance  
12 corporation may withdraw from it at any time by giving written notice to the  
13 corporation stating the date of withdrawal and surrendering his or her policy or  
14 policies.

15 (6) Persons residing or owning property within ~~the state of Vermont~~ any  
16 state where the corporation is authorized to do business may be insured upon  
17 the same terms and conditions as original members and such other terms as  
18 may be prescribed in the bylaws of the corporation.

19 (7) ~~Nonresidents owning property within the state of Vermont may be~~  
20 ~~insured therein and shall have all the rights and privileges of the corporation~~

1 ~~and be accountable as are other persons insured therein, but shall not be~~  
2 ~~eligible to hold office in the corporation;~~

3 (8) The bylaws of such corporation may be amended at any time.

4 \* \* \* Group Life Insurance; Employee Pay All \* \* \*

5 Sec. 9. 8 V.S.A. § 3803 is amended to read:

6 § 3803. EMPLOYEE GROUPS

7 The lives of a group of individuals may be insured under a policy issued to  
8 an employer, or to the trustees of a fund established by an employer, which  
9 employer or trustees shall be deemed the policyholder, to insure employees of  
10 the employer for the benefit of persons other than the employer, subject to the  
11 following requirements:

12 (1) The employees eligible for insurance under the policy shall be all of  
13 the employees of the employer, or all of any class or classes thereof  
14 determined by conditions pertaining to their employment. The policy may  
15 provide that the term “employees” shall include the employees of one or more  
16 subsidiary corporations, and the employees, individual proprietors, and  
17 partners of one or more affiliated corporations, proprietors, or partnerships if  
18 the business of the employer and of such affiliated corporations, proprietors, or  
19 partnerships is under common control through stock ownership, contract, or  
20 otherwise. The policy may provide that the term “employees” shall include the  
21 individual proprietor or partners if the employer is an individual proprietor or a

1 partnership. The policy may provide that the term “employees” shall include  
2 retired employees. No director of a corporate employer shall be eligible for  
3 insurance under the policy unless such person is otherwise eligible as a bona  
4 fide employee of the corporation, by performing services other than the usual  
5 duties of a director. No individual proprietor or partner shall be eligible for  
6 insurance under the policy unless he or she is actively engaged in and devotes  
7 a substantial part of his or her time to the conduct of the business of the  
8 proprietor or partnership. A policy issued to insure the employees of a public  
9 body may provide that the term “employees” shall include elected or appointed  
10 officials.

11 (2) The premium for the policy shall be paid by the policyholder, either  
12 wholly from the employer’s funds or funds contributed by him or her, or partly  
13 from such funds and partly from funds contributed by the insured employees,  
14 or wholly from funds contributed by the insured employees. ~~No policy may be~~  
15 ~~issued on which the entire premium is to be derived from funds contributed by~~  
16 ~~the insured employees.~~ A policy on which no part of the premium is to be  
17 derived from funds contributed by the insured employees must insure all  
18 eligible employees, or all except any as to whom evidence of individual  
19 insurability is not satisfactory to the insurer.

20 (3) The policy must cover at least two employees at date of issue.

1           (4) The amounts of insurance under the policy must be based upon some  
2 plan precluding individual selection either by the employees or by the  
3 employer or trustees.

4           Sec. 10. 8 V.S.A. § 3804 is amended to read:

5           § 3804. LABOR UNION GROUPS

6           The lives of a group of individuals may be insured under a policy issued to  
7 a labor union, which shall be deemed the policyholder, to insure members of  
8 such union for the benefit of persons other than the union or any of its officials,  
9 representatives, or agents, subject to the following requirements:

10           (1) The members eligible for insurance under the policy shall be all of  
11 the members of the union, or all of any class or classes thereof determined by  
12 conditions pertaining to their employment or to membership in the union, or  
13 both.

14           (2) The premium for the policy shall be paid by the policyholder, either  
15 wholly from the union's funds, or partly from such funds and partly from funds  
16 contributed by the insured members specifically for their insurance, or wholly  
17 from funds contributed by the insured members specifically for their insurance.

18 ~~No policy may be issued on which the entire premium is to be derived from~~  
19 ~~funds contributed by the insured members specifically for their insurance.~~ A  
20 policy on which part of the premium is to be derived from funds contributed by  
21 the insured members specifically for their insurance may be placed in force

1 only if at least 75 percent of the then eligible members, excluding any as to  
2 whom evidence of individual insurability is not satisfactory to the insurer, elect  
3 to make the required contributions. A policy on which no part of the premium  
4 is to be derived from funds contributed by the insured members specifically for  
5 the insurance must insure all eligible members, or all except any as to whom  
6 evidence of individual insurability is not satisfactory to the insurer.

7 (3) The policy must cover at least 10 members at date of issue.

8 (4) The amounts of insurance under the policy must be based upon some  
9 plan precluding individual selection either by the members or by the union.

10 Sec. 11. 8 V.S.A. § 3808 is amended to read:

11 § 3808. TRUSTEE GROUPS

12 The lives of a group of individuals may be insured under a policy issued to  
13 the trustees of a fund established by, adopted by, or participated in by two or  
14 more employers, or by one or more labor unions, or by one or more employers  
15 and one or more labor unions, which trustees shall be deemed the policyholder,  
16 to insure employees of the employers or members of the unions for the benefit  
17 of persons other than the employers or the unions, subject to the following  
18 requirements:

19 (1) No policy may be issued to insure employees of any employer  
20 whose eligibility to participate in the fund as an employer arises out of  
21 considerations directly related to the employer being a commercial

1 correspondent or business client or patron of another employer, except where  
2 such other employer exercises substantial control over the business operations  
3 of the participating employers.

4 (2) The persons eligible for insurance shall be all of the employees of  
5 the employers or all of the members of the unions, or all of any class or classes  
6 thereof determined by conditions pertaining to their employment; or to  
7 membership in the unions, or to both. The policy may provide that the term  
8 “employees” shall include retired employees, former employees, and the  
9 individual proprietor or partners if an employer is an individual proprietor or a  
10 partnership. No director of a corporate employer shall be eligible for insurance  
11 under the policy unless such person is otherwise eligible as a bona fide  
12 employee of the corporation by performing services other than the usual duties  
13 of a director. No individual proprietor or partner shall be eligible for insurance  
14 under the policy unless he or she is actively engaged in and devotes a  
15 substantial part of his or her time to the conduct of the business of the  
16 proprietor or partnership. The policy may provide that the term “employees”  
17 shall include the trustees or their employees, or both, if their duties are  
18 principally connected with such trusteeship.

19 (3) The premium for the policy shall be paid by the trustees wholly from  
20 funds contributed by the employer or employers of the insured persons; or by  
21 the union or unions, or by both, or partly from such funds and partly from

1 funds contributed by the insured persons, or wholly from funds contributed by  
2 the insured persons. A policy on which no part of the premium is to be derived  
3 from funds contributed by the insured persons specifically for their insurance  
4 must insure all eligible persons, or all except any as to whom evidence of  
5 individual insurability is not satisfactory to the insurer.

6 (4) The policy must cover at date of issue at least 100 persons; and it  
7 must cover an average of not less than three persons per employer unit unless  
8 the policy is issued to the trustees of a fund established by employers ~~which~~  
9 that have assumed obligations through a collective bargaining agreement and  
10 are participating in the fund either pursuant to those obligations with regard to  
11 one or more classes of their employees ~~which~~ that are encompassed in the  
12 collective bargaining agreement or as a method of providing insurance benefits  
13 for other classes of their employees, or unless the policy is issued to the  
14 trustees of a fund established by one or more labor unions.

15 (5) The amount of insurance under the policy must be based upon some  
16 plan precluding individual selection either by the insured persons or by the  
17 policyholder, employers, or unions.

18 Sec. 12. 8 V.S.A. § 3809 is amended to read:

19 § 3809. ASSOCIATION OF EMPLOYERS GROUPS

20 The lives of a group of individuals may be insured under a policy issued to  
21 an association of two or more employers, which association shall be deemed

1 the policyholder, to insure employees of such employers for the benefits of  
2 persons other than the association or the employers, subject to the following  
3 requirements:

4 (1) The policy may be issued only if:

5 (A) the association has been in existence for at least five years and  
6 was formed for purposes other than obtaining the insurance; and

7 (B) the participating employers constitute at date of issue at least ~~fifty~~  
8 50 percent of the total employers eligible to participate, unless the total number  
9 of persons covered at date of issue exceeds 600, in which event such  
10 participating employers must constitute at least 25 percent of such total  
11 employers, in either case omitting from consideration any employer whose  
12 employees are already covered for group life insurance.

13 (2) The persons eligible for insurance under the policy shall be all of the  
14 employees of the participating employers, or all of any class or classes thereof  
15 determined by conditions pertaining to their employment. The policy may  
16 provide that the term “employees” shall include the individual proprietor or  
17 partners whenever a participating employer is an individual proprietor or a  
18 partnership. The policy may provide that the term “employees” shall include  
19 retired employees. The policy may provide that the term “employees” shall  
20 include the employees of the association to which the policy is issued.

1           (3) The premium for the policy shall be paid by the association, either  
2 wholly from the association's funds or funds contributed by the employers, or  
3 partly from such funds and partly from funds contributed by the insured  
4 employees, or wholly from funds contributed by the insured employees. ~~No~~  
5 ~~policy may be issued on which the entire premium payable by the policyholder~~  
6 ~~is to be derived from funds contributed by the insured employees.~~ A policy on  
7 which part of the premium so payable is to be derived from funds contributed  
8 by the insured employees may be placed in force only if at least 75 percent of  
9 the then eligible employees of each participating employer, excluding any as to  
10 whom evidence of individual insurability is not satisfactory to the insurer, elect  
11 to make the required contributions. A policy on which no part of the premiums  
12 so payable is to be derived from funds contributed by the insured employees  
13 must insure all eligible employees, or all except any as to whom evidence of  
14 individual insurability is not satisfactory to the insurer.

15           (4) The policy must cover at least 100 employees at date of issue.

16           (5) The amounts of insurance under the policy must be based upon some  
17 plan precluding individual selection either by the employees or by the  
18 policyholder or the employer.

19       Sec. 13. GROUP LIFE INSURANCE; APPLICATION

20           A group life insurance policy authorized by 8 V.S.A. § 3803 (employee  
21 groups), 3804 (labor union groups), 3808 (trustee groups), or 3809 (association

1 of employers groups) and in effect on or before the effective date of this act,  
2 and renewed anytime thereafter, shall not require that the premium for the  
3 policy be paid wholly from funds contributed by the insured persons. Only a  
4 new group life insurance policy issued after the effective date of this act, and  
5 renewed anytime thereafter, may collect a premium paid wholly from funds  
6 contributed by the insured persons.

7 Sec. 14. 8 V.S.A. § 3812a is added to read:

8 § 3812a. REQUIRED CONSUMER DISCLOSURE

9 A group life insurance policy shall include the following notice on the face  
10 page of certificates issued under the policy:

11 REQUIRED CONSUMER DISCLOSURE: READ YOUR

12 CERTIFICATE CAREFULLY. Unlike individual insurance, group  
13 insurance, while offering advantages for life insurance coverage, may be  
14 cancelled for reasons other than nonpayment of premium. To help you  
15 to fully understand the group life insurance described in this certificate  
16 as well as other life insurance options, you may want to consult a  
17 financial advisor.

18 Sec. 15. 8 V.S.A. § 3821 is amended to read:

19 § 3821. CONVERSION ON TERMINATION OF POLICY

20 The group life insurance policy shall contain a provision that if the group  
21 policy terminates or is amended so as to terminate the insurance of any class of

1 insured persons, every person insured thereunder at the date of such  
2 termination whose insurance terminates and who has been so insured for at  
3 least five years prior to such termination date shall be entitled to have issued to  
4 him or her by the insurer an individual policy of life insurance, subject to the  
5 same conditions and limitations as are provided by section 3820 of this title  
6 ~~except that the group policy may provide that the amount of such individual~~  
7 ~~policy shall not exceed the smaller of:~~

8 ~~(1) the amount of the person's life insurance protection ceasing because~~  
9 ~~of the termination or amendment of the group policy, less the amount of any~~  
10 ~~life insurance for which he or she is or becomes eligible under any group~~  
11 ~~policy issued or reinstated by the same or another insurer within 31 days after~~  
12 ~~such termination; or~~

13 ~~(2) \$2,000.00.~~

14 \* \* \* Assistant Medical Examiners; Liability Protections \* \* \*

15 Sec. 16. 18 V.S.A. § 511 is added to read:

16 § 511. ACTIONS AGAINST MEDICAL EXAMINERS

17 Actions taken by any person given authority under this chapter, including  
18 an assistant medical examiner, shall be considered to be actions taken by a  
19 State employee for the purposes of 3 V.S.A. chapter 29 and 12 V.S.A. chapter  
20 189 if such actions occurred within the scope of such person's duties.

21 \* \* \* Portable Electronics Insurance; Notice Requirements \* \* \*

1 Sec. 17. 8 V.S.A. § 4260 is amended to read:

2 § 4260. NOTICE REQUIREMENTS

3 (a) Whenever notice or correspondence with respect to a policy of portable  
4 electronics insurance is required pursuant to the policy or is otherwise required  
5 by law, it shall be in writing. Notwithstanding any other provision of law,  
6 notices and correspondence may be sent either by mail or by electronic means  
7 as set forth in this section. If the notice or correspondence is mailed, it shall be  
8 sent to the portable electronics vendor at the vendor's mailing address  
9 specified for such purpose and to its affected customers' last known mailing  
10 address on file with the insurer. The insurer or vendor of portable electronics  
11 shall maintain proof of mailing in a form authorized or accepted by the U.S.  
12 Postal Service or other commercial mail delivery service. If the notice or  
13 correspondence is sent by electronic means, it shall be sent to the portable  
14 electronics vendor at the vendor's electronic mail address specified for such  
15 purpose and to its affected customers' last known electronic mail address as  
16 provided by each customer to the insurer or vendor of portable electronics. A  
17 ~~customer is deemed to consent to receive notice and correspondence by~~  
18 ~~electronic means if the insurer or vendor first discloses to the customer that by~~  
19 ~~providing an electronic mail address the customer consents to receive~~  
20 ~~electronic notice and correspondence at the address, and the customer provides~~  
21 ~~an electronic mail address~~ customer's provision of an electronic mail address

1 to the insurer or vendor of portable electronics is deemed consent to receive  
2 notices and correspondence by electronic means at such address if notice of  
3 that consent is provided to the customer within 30 calendar days. The insurer  
4 or vendor of portable electronics shall maintain proof that the notice or  
5 correspondence was sent.

6 \* \* \*

7 \* \* \* Workers' Compensation; High-Risk Occupations and Industries \* \* \*  
8 Sec. 18. WORKERS' COMPENSATION; INDUSTRIES AND  
9 OCCUPATIONS WITH HIGH RISK, HIGH PREMIUMS, AND  
10 FEW POLICY HOLDERS; STUDY; REPORT

11 (a) The Commissioner of Financial Regulation, in consultation with the  
12 Commissioner of Labor, the National Council on Compensation Insurance, and  
13 other interested stakeholders, shall identify and study industries and  
14 occupations in Vermont that experience a high risk of workplace and on-the-  
15 job injuries and whose workers' compensation insurance is characterized by  
16 high premiums and few policy holders in the insurance pool. The industries  
17 and occupations addressed in the study shall include, among others, logging  
18 and log hauling, as well as arborists, roofers, and occupations in saw mills and  
19 wood manufacturing operations. In particular, the Commissioner shall:

20 (1) examine difference in the potential for loss, premium rates, and  
21 experience and participation in the workers' compensation marketplace

1 between the industries and occupations identified, and the average for all  
2 industries and occupations in Vermont;

3 (2) study potential methods for reducing workers' compensation  
4 premium rates and costs for high-risk industries and occupations, including  
5 risk pooling between multiple high-risk industries or occupations, creating  
6 self-insured trusts; creating voluntary safety certification programs, and  
7 programs or best practices employed by other states; and

8 (3) model the potential impact on workers' compensation premiums and  
9 costs from each of the methods identified pursuant to subdivision (2) of this  
10 subsection.

11 (b) On or before January 15, 2018, the Commissioner of Financial  
12 Regulation shall submit a written report to the House Committee on Commerce  
13 and Economic Development and the Senate Committee on Finance regarding  
14 his or her findings and any recommendations for legislative action to reduce  
15 the workers' compensation premium rates and costs for the industries  
16 identified in the study.

17 \* \* \* Workers' Compensation; Short-term and Seasonal Policies; Studies \* \* \*

18 Sec. 19. 21 V.S.A. § 687 is amended to read:

19 § 687. SECURITY FOR COMPENSATION

20 \* \* \*



1 Economic Development and the Senate Committee on Finance regarding his or  
2 her finding and any recommendations for legislative action.

3 Sec. 21. REGIONAL ASSIGNED RISK POOL; STUDY; REPORT

4 The Commissioner of Financial Regulation shall examine potential  
5 mechanisms for joining with neighboring states to create a regional assigned  
6 risk pool for workers' compensation insurance and whether the creation of a  
7 regional assigned risk pool could reduce the cost of administering Vermont's  
8 assigned risk pool. On or before January 15, 2018, the Commissioner shall  
9 submit a written report to the House Committee on Commerce and Economic  
10 Development and the Senate Committee on Finance with his or her findings  
11 and any recommendations for legislative action related to the implementation  
12 of a regional assigned risk pool for workers' compensation insurance.

13 Sec. 22. ADMINISTRATION OF ASSIGNED RISK POOL; STUDY;

14 REPORT

15 The Commissioner of Financial Regulation shall examine whether any  
16 premium savings or reductions in costs could be realized if the assigned risk  
17 pool for workers' compensation was administered directly by the Department  
18 of Financial Regulation rather than through a third-party. On or before  
19 January 15, 2018, the Commissioner shall submit a written report to the House  
20 Committee on Commerce and Economic Development and the Senate

1 Committee on Finance with his or her findings and any recommendations for  
2 legislative action.

3 \* \* \* Unemployment Compensation; Referee Final Decisions \* \* \*

4 Sec. 23. 21 V.S.A. § 1331 is amended to read:

5 § 1331. NOTICE; HEARING; DECISION

6 (a) Any employer against whom an assessment is made may, within 30  
7 days after the date thereof, file with the Commissioner a petition for a hearing  
8 before a referee ~~appointed for such purpose, which.~~ The petition shall set forth  
9 specifically and in detail the grounds upon which ~~it is claimed~~ the employer  
10 claims the assessment is erroneous.

11 (b) ~~Hearing~~ A hearing or hearings on the assessment shall be held by the  
12 referee at ~~such times~~ a time and ~~places~~ place as may be provided by rules ~~and~~  
13 ~~regulations~~ of the Board and due notice of the time and place of ~~such~~ the  
14 hearing or hearings shall be given by ordinary or certified mail to the  
15 petitioner.

16 (c)(1) The referee shall render a written decision within 60 days after the  
17 hearing concludes. If, at the time of the hearing, the referee requires the parties  
18 to submit supplemental documents, the hearing shall be deemed to conclude on  
19 the filing deadline.

20 (2) For good cause, the referee may request a single 30-day extension of  
21 the decision deadline.

1           (3)(A) Notwithstanding section 1337 of this title, if the referee fails to  
2           render a decision by the deadline, and the petitioner prevails in appealing the  
3           assessment, the petitioner shall be entitled to interest on the awarded amount at  
4           the rate of one and one-half percent per month from the date the hearing  
5           concluded.

6           (B) Notwithstanding section 1337 of this title, interest paid to a  
7           petitioner pursuant to this subdivision (c)(3) shall be paid from the  
8           Unemployment Compensation Administration Fund established pursuant to  
9           section 1362 of this title.

10           ~~(4) After hearing as above provided, the~~ The petitioner shall be  
11 promptly notified by ordinary or certified mail of the findings of fact,  
12 conclusions, and decision of the referee. The decision of the referee shall be  
13 final unless the employer or Commissioner makes application for review  
14 thereof by the Board within 30 days after date thereof or unless the Board, on  
15 its own motion within ~~said~~ the period, initiates a review thereof.

16 Sec. 24. 21 V.S.A. § 1337a is amended to read:

17 § 1337a. ADMINISTRATIVE DETERMINATION; HEARING ~~ON~~;

18           DECISION

19           (a) Any employing unit aggrieved by an administrative determination  
20 affecting its rate of contributions, its rights to adjustment or refund on  
21 contributions paid, its coverage as an employer, or its termination of coverage

1 may, within 30 days after the date thereof, file with the Commissioner a  
2 petition for a hearing thereon, ~~which~~. The petition shall set forth specifically  
3 and in detail the grounds upon which it is claimed the administrative  
4 determination is erroneous. ~~Hearing~~

5 (b) A hearing or hearings on ~~such~~ the petition shall be held by a referee  
6 appointed for ~~such~~ that purpose, at ~~such~~ times a time and ~~places~~ place as may  
7 be provided by rules of the Board, and due notice of the time and place of ~~such~~  
8 the hearing or hearings shall be given by ordinary or certified mail to the  
9 petitioner.

10 (b)(c)(1) The referee shall render a written decision within 60 days after the  
11 hearing concludes. If, at the time of the hearing, the referee requires the parties  
12 to submit supplemental documents, the hearing shall be deemed to conclude on  
13 the filing deadline.

14 (2) For good cause, the referee may request a single 30-day extension of  
15 the decision deadline.

16 (3)(A) Notwithstanding section 1337 of this title, if the referee fails to  
17 render a decision by the deadline, and the petitioner prevails in appealing the  
18 assessment, the petitioner shall be entitled to interest on the awarded amount at  
19 the rate of one and one-half percent per month from the date the hearing  
20 concluded.



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4 (Committee vote: \_\_\_\_\_)

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\_\_\_\_\_

6

Representative \_\_\_\_\_

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FOR THE COMMITTEE