

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce and Economic Development to which was
3 referred House Bill No. 85 entitled “An act relating to captive insurance
4 companies” respectfully reports that it has considered the same and
5 recommends that the bill be amended as follows:

6 First: In Sec. 1, 8 V.S.A. § 6007, by striking out subsection (b) in its
7 entirety and inserting in lieu thereof a new subsection (b) to read as follows:

8 (b) Prior to March 1 of each year, and prior to March 15 of each year in the
9 case of pure captive insurance companies or industrial insured captive
10 insurance companies, each captive insurance company shall submit to the
11 Commissioner a report of its financial condition, verified by oath of two of its
12 executive officers. Each captive insurance company shall report using
13 generally accepted accounting principles, statutory accounting principles, or
14 international financial reporting standards unless the Commissioner requires,
15 approves, or accepts the use of ~~statutory accounting principles or~~ any other
16 comprehensive basis of accounting, in each case with any appropriate or
17 necessary modifications or adaptations thereof required or approved or
18 accepted by the Commissioner for the type of insurance and kinds of insurers
19 to be reported upon, and as supplemented by additional information required
20 by the Commissioner. As used in this section, statutory accounting principles
21 shall mean the accounting principles codified in the NAIC Accounting

1 Practices and Procedures Manual. Upon application for admission, a captive
2 insurance company shall select, with explanation, an accounting method for
3 reporting. Any change in a captive insurance company’s accounting method
4 shall require prior approval. Except as otherwise provided, each risk retention
5 group shall file its report in the form required by subsection 3561(a) of this
6 title, and each risk retention group shall comply with the requirements set forth
7 in section 3569 of this title. The Commissioner shall by rule propose the forms
8 in which pure captive insurance companies, association captive insurance
9 companies, and industrial insured captive insurance companies shall report.
10 Subdivision 6002(c)(3) of this title shall apply to each report filed pursuant to
11 this section, except that such subdivision shall not apply to reports filed by risk
12 retention groups.

13 Second: In Sec. 3, 8 V.S.A. § 6001, by striking out subdivision (5) in its
14 entirety and inserting in lieu thereof a new subdivision (5) to read as follows:

15 ~~(4)~~(5) “Captive insurance company” means any pure captive insurance
16 company, association captive insurance company, sponsored captive insurance
17 company, industrial insured captive insurance company, agency captive
18 insurance company, risk retention group, or special purpose financial insurance
19 company formed or licensed under the provisions of this chapter. For purposes
20 of this chapter, a branch captive insurance company shall be a pure captive

1 insurance company with respect to operations in this State, unless otherwise
2 permitted by the Commissioner.

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9 (Committee vote: _____)

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Representative _____

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FOR THE COMMITTEE