

Vermont Department of Financial Regulation

Department Overview

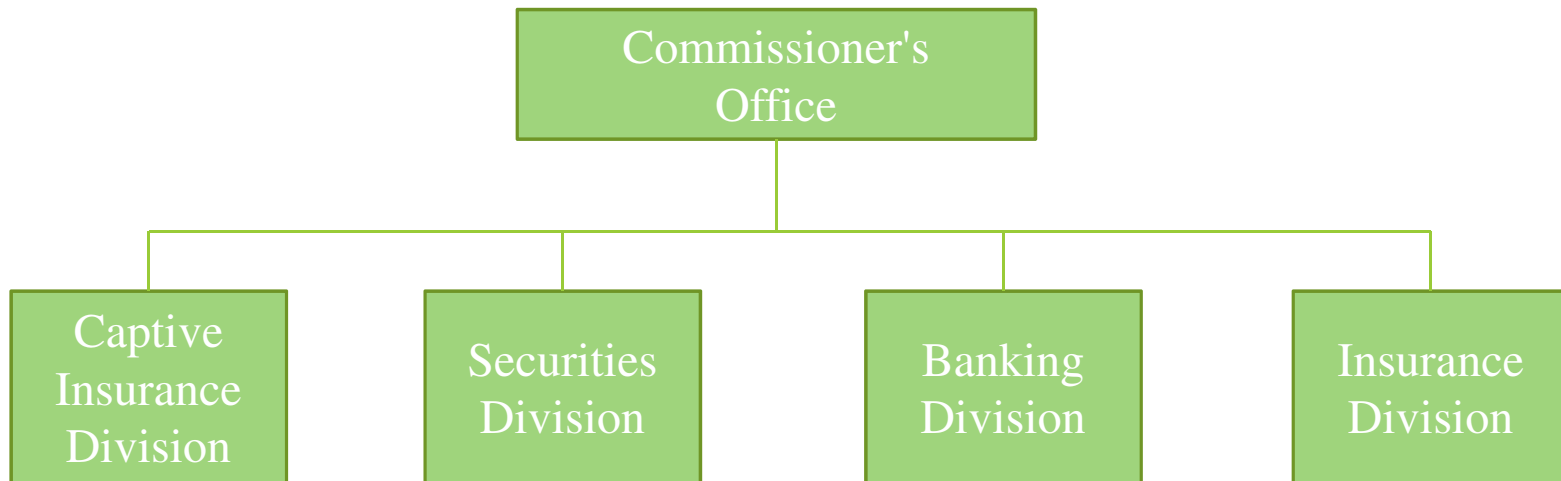
Michael Pieciak, Commissioner



Department of Financial Regulation (DFR)

DFR Mission and Overview

Facilitate strong, stable and competitive financial markets within the state while protecting the financial welfare of Vermont consumers and investors.



Overview of the Department

DFR's FY 2018 Operating Budget	\$14,727,063
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Projected FY 2018 Revenues	\$82,000,000
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Projected Premium & Franchise Tax	\$69,500,000
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Revenue Breakdown:

Securities Division	\$62 million
Insurance Division	\$13.5 million
Captive Insurance Division	\$5.1 million
Banking Division	\$2.5 million

Captive Insurance Division Mission

- (1) maintain and continually improve regulatory regime;*
- (2) promote Vermont’s “gold standard” reputation; and*
- (3) ensure solvency while recognizing a captive’s unique purpose*



\$24 million premium tax
\$2.5 million exam and registration fees



24 new captive formations in 2017
Including Barclays moving from New York



19 approved captive managers
566 active captive insurers



Awarded top US domicile 3rd year running
#1 domicile in the world by premium volume

Securities Division Mission

(1) protect Vermonters from fraud

(2) promote the development of Vermont's capital markets



1,256 BD Firms & 105,096 BD Agents
998 IA Firms & 1,521 IA Representatives



Investigations led to:
\$2,327,043 in penalties
\$5,119,887 in restitution



Annual desk examination for all IA Firms
14 firms received follow up regarding
cybersecurity procedures



Jay Peak Settlement - \$150 million
Paid \$8.9 million to vendors and contractors
\$19 million to complete Jay Peak Projects

Fiscal Year 2019
Department Strategic Overview

Department of Financial Regulation (DFR)

Banking Division Mission

(1) promote the safety, soundness, and stability of Vermont's Banks, Credit Union and Licensees

(2) encourage competition and availability of financial services while providing consumer protection and education



6 state chartered banks
3 state trust companies



13 state chartered
credit unions



260 companies hold 1,675 licenses
2,537 individuals hold licenses



Last five years consumer services received:
6,604 inquires & 1,100 complaints
\$353,966 back to Vermonters



Completed 134 examinations in 2017
3 banks, 7 CUs, 2 trusts co, 122 licensees

Insurance Division Mission

(1) maintain affordable and available insurance;

(3) facilitate reasonable and orderly competition

(2) ensure insurers meet their promises;

(4) prevent unfair and unlawful business practices



21 Vermont domiciled insurance companies
1453 licensed insurers doing business in Vermont
Paid \$35 million in premium tax in FY2017



Last five years consumer services received:
17,381 inquires & 2,301 complaints
Returned \$1,544,600 to Vermonters




210 Vermont insurance agencies & 3,383 agents
3,398 foreign agencies & 124,643 foreign agents



Last five years market conduct investigations:
\$1.3 million in penalties
returned over \$8 million to Vermonters

Vermont Insurance Industry

R Street Institute State Regulation Report Card

Vermont 	2016 Grade	2017 Grade
	A+	A+
	Score	Rank
	86.2	1
Strengths:	Low politicization, ahead on financial exams, competitive auto market, competitive homeowners market, small residual markets, broad underwriting freedom.	
Weaknesses:	High tax and fee burden.	

Vermont: Competitive and low cost insurance market:

- 5th lowest auto insurance
- 11th lowest homeowners insurance
- Most competitive market commercial insurance
- \$30 million reduction in workers' compensation last two years

Department of Financial Regulation (DFR)

DFR Consumer Services 5-year Total

- Inquires: 24,572
- Complaints: 3,450
- Restitution: \$16,916,728
- Penalties: \$3,767,043