
This act summary is provided for the convenience of the public and members of the General Assembly. It is intended to provide a general summary of the act and may not be exhaustive. It has been prepared by the staff of the Office of Legislative Council without input from members of the General Assembly. It is not intended to aid in the interpretation of legislation or to serve as a source of legislative intent.

Act No. 3 (S.109). Insurance; captive insurance companies; risk retention groups

An act relating to captive insurance companies and risk retention groups

This act makes various amendments to Vermont law as it pertains to captive insurance companies and risk retention groups. For example, it specifies that an incorporated protected cell may pay dividends and make distributions, subject to the approval of the Commissioner of Financial Regulation; permits a captive insurance company, a sponsored captive insurance company, and an incorporated protected cell to be formed as any type of entity, subject to the approval of the Commissioner; extends the examination period from three to five years; gives companies greater latitude with respect to their investments; clarifies that a sole proprietorship may participate in a sponsored captive insurance company; and requires affiliated reinsurance companies to report using statutory accounting principles consistent with NAIC (National Association of Insurance Commissioners) standards. In addition, the act revises the statutory definition of “independent director” applicable to the board of directors of a risk retention group and requires risk retention groups to perform an “own risk and solvency assessment.”

Effective Date: April 18, 2019