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