

Senate Calendar

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ACTION CALENDAR

UNFINISHED BUSINESS OF TUESDAY, JANUARY 7, 2020

GOVERNOR'S VETOES

S. 37.

An act relating to medical monitoring.

Pending question (to be voted by call of the roll): Shall the bill pass, notwithstanding the Governor's refusal to approve the bill? (Two-thirds of the members present required to override the Governor's veto.)

(For text of veto message, see Senate Calendar for January 7, 2020, page 1.)

S. 169.

An act relating to firearms procedures.

Pending question (to be voted by call of the roll): Shall the bill pass, notwithstanding the Governor's refusal to approve the bill? (Two-thirds of the members present required to override the Governor's veto.)

(For text of veto message, see Senate Calendar for January 7, 2020, page 9.)

NOTICE CALENDAR

Second Reading

Favorable with Recommendation of Amendment

S. 255.

An act relating to captive insurance.

Reported favorably with recommendation of amendment by Senator Cummings for the Committee on Finance.

The Committee recommends that the bill be amended by striking out all after the enacting clause and inserting in lieu thereof the following:

* * * Agency Captives * * *

Sec. 1. 8 V.S.A. § 6002 is amended to read:

§ 6002. LICENSING; AUTHORITY

(a) Any captive insurance company, when permitted by its articles of association, charter, or other organizational document, may apply to the Commissioner for a license to do any and all insurance comprised in

subdivisions 3301(a)(1), (2), (3)(A)–(C), (E)–(Q), and (4)–(9) of this title and may grant annuity contracts as defined in section 3717 of this title; provided, however, that:

(1) No pure captive insurance company may insure any risks other than those of its parent and affiliated companies or controlled unaffiliated business.

(2) No agency captive insurance company may do any insurance business in this State unless:

(A) an insurance agency or brokerage that owns or controls the agency captive insurance company remains in regulatory good standing in all states in which it is licensed;

(B) it insures only the risks of the commercial policies that are placed by or through an insurance agency or brokerage that owns or directly or indirectly controls the agency captive insurance company and, if required by the Commissioner in his or her discretion, it provides the Commissioner the form of such commercial policies;

(C) it discloses to the original policyholder or policyholders, in a form or manner approved by the Commissioner, ~~any limitations, rights, and obligations held by that~~ the agency captive insurance company as a result of its affiliation with an insurance agency or brokerage may enter into a reinsurance or other risk-sharing agreement with the agency or brokerage; and

* * *

* * * Dormant Captives * * *

Sec. 2. 8 V.S.A. § 6024 is amended to read:

§ 6024. DORMANT CAPTIVE INSURANCE COMPANIES

(a) As used in this section, unless the context requires otherwise, “dormant captive insurance company” means a captive insurance company that has:

(1) ceased transacting the business of insurance, including the issuance of insurance policies; and

(2) no remaining liabilities associated with insurance business transactions or insurance policies issued prior to the filing of its application for a certificate of dormancy under this section.

(b) A captive insurance company domiciled in Vermont that meets the criteria of subsection (a) of this section may apply to the Commissioner for a certificate of dormancy. The certificate of dormancy shall be subject to renewal every five years and shall be forfeited if not renewed within such time.

(c) A dormant captive insurance company that has been issued a certificate of dormancy shall:

(1) possess and thereafter maintain unimpaired, paid-in capital and surplus of not less than \$25,000.00; provided, however, that if the dormant captive insurance company had never capitalized, it shall not be required to add capital upon entering dormancy;

* * *

* * * Sponsored Captives; Capitalization * * *

Sec. 3. 8 V.S.A. § 6004 is amended to read:

§ 6004. MINIMUM CAPITAL AND SURPLUS; LETTER OF CREDIT

(a) No captive insurance company shall be issued a license unless it shall possess and thereafter maintain unimpaired paid-in capital and surplus of:

* * *

(6) in the case of a sponsored captive insurance company, not less than ~~\$250,000.00~~ \$100,000.00.

* * *

* * * Protected Cells; Unaffiliated Businesses * * *

Sec. 4. 8 V.S.A. § 6034 is amended to read:

§ 6034. PROTECTED CELLS

A sponsored captive insurance company formed or licensed under the provisions of this chapter may establish and maintain one or more protected cells to insure risks of one or more participants or, subject to Commissioner approval, other parties unaffiliated with a participant, subject to the following conditions:

* * *

* * * Protected Cells; Separate Accounts * * *

Sec. 5. REDESIGNATION

8 V.S.A. § 6034b, § 6034c, and § 6034d are redesignated as § 6034c, § 6034d, and § 6034e.

Sec. 6. 8 V.S.A. § 6034b is added to read:

§ 6034b. SEPARATE ACCOUNTS OF PROTECTED CELLS

With the Commissioner's prior written approval, a protected cell of a sponsored captive insurance company may establish one or more separate

accounts and may allocate to them amounts to provide for the insurance of risks of one or more participants, or controlled unaffiliated business of such participant or participants, subject to the following:

(1) The income, gains, and losses, realized or unrealized, from assets allocated to a separate account shall be credited to or charged against the account, without regard to other income, gains, or losses of the protected cell.

(2) Amounts allocated to a separate account in the exercise of the power granted by this subsection are owned by the protected cell, and the protected cell may not be nor hold itself out to be a trustee with respect to such amounts.

(3) Unless otherwise approved by the Commissioner, assets allocated to a protected cell shall be valued in accordance with the rules otherwise applicable to the protected cell's assets.

(4) If and to the extent so provided under the applicable contracts, that portion of the assets of any such protected cell equal to the reserves and other contract liabilities with respect to such account shall not be chargeable with liabilities arising out of any other business the protected cell may conduct.

(5) No sale, exchange, or other transfer of assets may be made by such protected cell between any of its separate accounts or between any other investment account and one or more of its separate accounts unless, in the case of a transfer into a separate account, such transfer is made solely to establish the account or to support the operation of the contracts with respect to the separate account to which the transfer is made, and unless such transfer, whether into or from a separate account, is made by a transfer of cash or by a transfer of securities having a readily determinable market value, provided that such transfer of securities is approved by the Commissioner. The Commissioner may approve other transfers among such accounts if, in his or her opinion, such transfers would be equitable.

(6) To the extent such protected cell deems it necessary to comply with any applicable federal or State laws, such protected cell, with respect to any separate account, including any separate account that is a management investment company or a unit investment trust, may provide for persons having an interest therein appropriate voting and other rights and special procedures for the conduct of the business of such account, including special rights and procedures relating to investment policy, investment advisory services, selection of independent public accountants, and the selection of a committee, the members of which need not be otherwise affiliated with such protected cell, to manage the business of such account.

Sec. 7. 8 V.S.A. § 6010 is amended to read:

§ 6010. LEGAL INVESTMENTS

(a)(1) Except as may be otherwise authorized by the Commissioner, agency captive insurance companies, association captive insurance companies, sponsored captive insurance companies, protected cells in sponsored captive insurance companies, and risk retention groups shall:

(A) comply with the investment requirements contained in sections 3461 through 3472 of this title, as applicable; or

(B) submit for approval by the Commissioner the investment policy of the company. In reviewing the investment policy, the Commissioner shall consider diversification as to both type and issue; limits on the aggregate investment that may be made in any category of investment; limits on the aggregate investment in any one business, issuer, or risk; liquidity; and matching of assets and liabilities. The Commissioner shall determine whether the investment policy provides for the reasonable preservation, administration, and management of assets with respect to the risks associated with the company's transactions and whether the investment policy supports the approved business plan. Subdivision 6002(c)(3) of this title shall apply to all information submitted pursuant to this subsection.

(2) The Commissioner may require any company subject to this subsection to limit or withdraw from certain investments or discontinue certain investment practices if the Commissioner determines that such investments or practices of the company might be hazardous to the policyholders or the general public.

Sec. 8. 8 V.S.A. § 6037 is amended to read:

§ 6037. INVESTMENTS BY SPONSORED CAPTIVE INSURANCE COMPANIES AND PROTECTED CELLS

Notwithstanding the provisions of section 6034 of this title, the assets of two or more protected cells may be combined for purposes of investment, and such combination shall not be construed as defeating the segregation of such assets for accounting or other purposes. Sponsored captive insurance companies and protected cells shall comply with the investment requirements contained in ~~sections 3461 through 3472~~ section 6010 of this title, ~~as applicable; provided, however, that compliance with such investment requirements shall be waived for sponsored captive insurance companies to the extent that credit for reinsurance ceded to reinsurers is allowed pursuant to section 6011 of this title or to the extent otherwise deemed reasonable and appropriate by the Commissioner. Section 3463a of this title shall apply to sponsored captive insurance companies except to the extent it is inconsistent~~

~~with approved accounting standards in use by the company. Notwithstanding any other provision of this title, the Commissioner may approve the use of alternative reliable methods of valuation and rating.~~

* * * Conforming Cross-references * * *

Sec. 9. 8 V.S.A. § 6018 is amended to read:

§ 6018. DELINQUENCY

Except as otherwise provided in this chapter, the terms and conditions set forth in chapter 145 of this title shall apply in full to captive insurance companies formed or licensed under this chapter; however, the assets of a separate account established under subsection 6006~~(p)~~(q) of this chapter shall not be used to pay any expenses or claims other than those attributable to such separate account.

Sec. 10. 8 V.S.A. § 6034a is amended to read:

§ 6034a. INCORPORATED PROTECTED CELLS

(a) A protected cell of a sponsored captive insurance company may be formed as an incorporated protected cell, as defined in subdivision 6032~~(1)~~(2) of this title.

* * *

* * * Risk Retention Groups; Examinations; Conduct; Reports; NAIC
Accreditation Standards * * *

Sec. 11. 8 V.S.A. § 6052(d) is amended to read:

(d) The provisions of subsection 6008(c) and sections 3573 and 3574 of this title shall apply to risk retention groups chartered in this State, except that such provisions shall not apply to final examination reports relating to risk retention groups and except that the Commissioner may, in the Commissioner's discretion, grant access to any other examination information covered by subsection 6008(c) of this title to representatives of the National Association of Insurance Commissioners to inspect (but not copy) such information in connection with accreditation examinations, so long as the National Association of Insurance Commissioners agrees in writing to maintain the confidentiality of such information.

* * * Effective Date * * *

Sec. 12. EFFECTIVE DATE

This act shall take effect on passage.

(Committee vote: 7-0-0)

CONCURRENT RESOLUTIONS FOR ACTION

Concurrent Resolutions For Action Under Joint Rule 16

The following joint concurrent resolutions have been introduced for approval by the Senate and House. They will be adopted by the Senate unless a Senator requests floor consideration before the end of the session. Requests for floor consideration should be communicated to the Secretary's Office.

S.C.R. 17 (For text of Resolution, see Addendum to Senate Calendar for January 23, 2020.)

H.C.R. 201, 204 - 226 (For text of Resolutions, see Addendum to House Calendar for January 23, 2020.)

CONFIRMATIONS

The following appointments will be considered by the Senate, as a group, under suspension of the Rules, as moved by the President *pro tempore*, for confirmation together and without debate, by consent thereby given by the Senate. However, upon request of any senator, any appointment may be singled out and acted upon separately by the Senate, with consideration given to the report of the Committee to which the appointment was referred, and with full debate; and further, all appointments for the positions of Secretaries of Agencies, Commissioners of Departments, Judges, Magistrates, and members of the Public Utility Commission shall be fully and separately acted upon.

Craig Bolio of Winooski – Commissioner, Department of Taxes – By Sen. Cummings for the Committee on Finance. (01/21/20)

Sabina Brochu of Williston - Member, State Board of Education - By Sen. Ingram for the Committee on Education. (01/24/20)

Kyle Courtois of Georgia - Member, State Board of Education - By Sen. Perchlik for the Committee on Education. (01/24/20)

PUBLIC HEARINGS

January 28, 2020 - 4:30 p.m. - 6:30 p.m. - Room 11 - Re: Bills on Literacy Instruction - House Committee on Education.

**Joint Community-Based Public Hearings on Fiscal Year 2021 State
Budget**

House and Senate Committees on Appropriations

Monday, February 10, 2020, 6:00 - 7:00 p.m. – The Vermont House and Senate Committees on Appropriations are seeking public input on the Governor’s Recommended FY 2021 State Budget and will hold community-based public hearings on Monday, February 10, 2020, 6:00 – 7:00 p.m. at the following 7 locations. An additional location in Springfield will be held from 5:30 – 6:30 p.m.

Barre City – Downstreet Housing and Community Development, 22 Keith Ave., Ste 100

Dorset – Dorset Town Office, 112 Mad Tom Road, East Dorset

Morrisville – People’s Academy High School, Auditorium, top of Copley Avenue

Rutland City – Rutland Public Schools, Longfellow School Building, Board Room

St. Johnsbury – St. Johnsbury House, main dining room, 1207 Main Street

St. Albans City – St. Albans City School, Library, 29 Bellows Street

Winooski – Vermont Student Assistance Corp. (VSAC), 10 East Allen Street (follow the signs when entering the building for location).

Springfield – Springfield Town Hall, 96 Main Street, 3rd Floor Conference Room (Selectmen’s Hall) **5:30-6:30 p.m.**

The Committees will take testimony on the Governor’s recommended State budget at the above dates and times. Anyone interested in testifying should come to one of the hearings. Time limits on testimony may apply depending on volume of participants. If you have a story you would like to share privately with the committee members, please contact Theresa to schedule a time.

To view the Governor’s proposed budget go to the Department of Finance and Management’s website.

For more information about the format of these events, contact Theresa Utton-Jerman or Rebecca Buck at tutton@leg.state.vt.us or rbuck@leg.state.vt.us, or call 802-828-5767 or toll-free within Vermont at 1-800-322-5616. Written testimony can be submitted electronically to Theresa or Rebecca through e-mail or mailed to the House and Senate Committees on Appropriations, 115 State Street, Montpelier, VT, 05633. **Requests for interpreters should be made by Monday, January 27, 2020.**

JFO NOTICE

Grants and Positions that have been submitted to the Joint Fiscal Committee by the Administration, under 32 V.S.A. §5(b)(3)(D):

JFO #2989 - \$1,250,000 from the U.S. Dept. of Justice to the VT Dept. of Children & Families to fund the expansion of mentoring opportunities for youth in rural parts of Vermont who are at risk of adverse childhood experiences (ACES), substance abuse and poverty. *Expedited review of this grant has been requested by the Administration.*

[JFO received 01/09/20]

JFO #2990 – \$3,200,000 from the Substance Abuse and Mental Health Services Administration (SAMHSA) to the VT Dept. of Health. Funds will be used to provide first responders with improved and expanded access to opioid overdose prevention training, equipment and medication. *One (1) limited-service position has been requested in conjunction with this grant.*

[JFO received 01/14/20]

JFO #2991 – \$53,768 from the National Fish and Wildlife Foundation to the VT Dept. of Fish & Wildlife. Funds will be used to restore brook trout habitat in tributaries along the Connecticut River watershed.

[JFO received 01/14/20]

JFO #2992 – \$30,000 from the Federal Emergency Management Agency to the VT Dept. of Environmental Conservation. Funds will be used to increase earthquake hazard risk awareness in areas of Chittenden County.

[JFO received 01/14/20]