

State of Vermont
Department of Financial Regulation
89 Main Street
Montpelier, VT 05620-3101

For consumer assistance:
[Banking] 888-568-4547
[Insurance] 800-964-1784
[Securities] 877-550-3907
www.dfr.vermont.gov

Overview of Proposed Amendment to Appointment Renewal
House Ways & Means
February 8, 2019

Insurance

- I. Appointment Fee:
- **Proposal:** Increase from \$60 to \$90 equaling approx. \$1,500,000 in new FY20 revenue
 - **Looking Ahead:** Bi-annual fee with renewals in odd years - \$12.6 million in FY21
 - **Impact:** 50,000 initial appointments in FY20; 420,000 renewal appointments in FY21
 - **Retaliatory Fees:** Not subject to retaliatory regime
 - **State Comparison:** Approx. 32 other states have appointment fees
 - **History:** Fee has not increased in recent history – more than two decades ago
- II. Frequency of Filing:
- 31 States have similar appointment regime as the State of Vermont in terms of initial and renewal appointments
 - 27 States require annual renewal of appointments
 - 4 State require bi-annual renewal of appointments
 - Vermont
 - Maine
 - Kentucky
 - South Carolina



Overview of Proposed Amendments to DFR Fees

III. Proposal – Adjust Appointment Fees for Annual Renewal

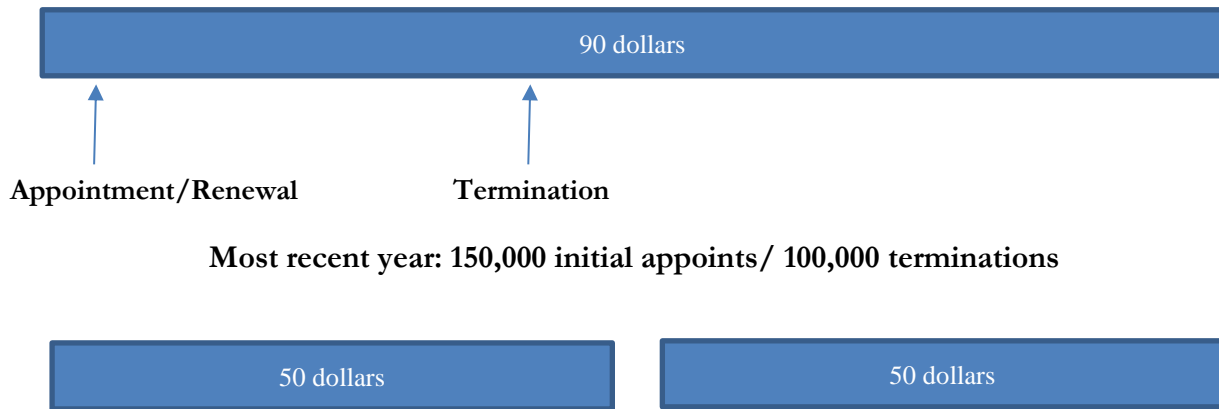
- **No Impact on FY2020:** Increase fee from \$60 to \$90 with \$1.5 million in new revenue
- **FY2021:** Begin annual renewal appointments
 - Propose adjusting the fee from \$90 to \$50 in FY2021 to maintain revenue

Appointment Renewals

- Estimate FY2021: \$37,800,000 (no smoothing and fee increase)
- Estimate FY2021: \$20,000,000 (smoothing and fee increase)

- Estimate FY2022: \$0 (no smoothing and fee increase)
- Estimate FY2022: \$20,000,000 (smoothing and fee increase)

Slight Loss of Revenue on Initial Appointments



IV. Operationalizing

- DFR would continue normal process for FY2020 & FY2021
 - All filings but appointments made through NIPR (National Insurance Producer Registry)
- DFR would transition appointment filings through NIPR/SBS (State Based Systems) in October/November 2021 in time for FY2022 annual renewal