

1 TO THE HONORABLE SENATE:

2 The Committee on Finance to which was referred Senate Bill No. 88  
3 entitled “An act relating to insurance, banking, and securities” respectfully  
4 reports that it has considered the same and recommends that the bill be  
5 amended by striking out Sec. 21, effective date, in its entirety and inserting in  
6 lieu thereof Secs. 21 – 31 to read as follows:

7 Sec. 21. 8 V.S.A. § 6002 is amended to read:

8 § 6002. LICENSING; AUTHORITY

9 \* \* \*

10 (b) No captive insurance company shall do any insurance business in this  
11 State unless:

12 (1) it first obtains from the Commissioner a license authorizing it to do  
13 insurance business in this State;

14 (2) its board of directors or committee of managers or, in the case of a  
15 reciprocal insurer, its subscribers’ advisory committee holds at least one  
16 meeting each year in this State;

17 (3) it maintains its principal place of business in this State; and

18 (4) it appoints a registered agent to accept service of process and to  
19 otherwise act on its behalf in this State; provided that whenever such registered  
20 agent cannot with reasonable diligence be found at the registered office of the  
21 captive insurance company, the ~~Secretary of State~~ Commissioner shall be an

1 agent of such captive insurance company upon whom any process, notice, or  
2 demand may be served.

3 (c)(1) Before receiving a license, a captive insurance company shall:

4 (A) File with the Commissioner a ~~certified~~ copy of its organizational  
5 documents, ~~a statement under oath of its president and secretary showing its~~  
6 ~~financial condition~~, and any other statements or documents required by the  
7 Commissioner.

8 (B) Submit to the Commissioner for approval a description of the  
9 coverages, deductibles, coverage limits, and rates, together with such  
10 additional information as the Commissioner may reasonably require. In the  
11 event of any subsequent material change in any item in such description, the  
12 captive insurance company shall submit to the Commissioner for approval an  
13 appropriate revision and shall not offer any additional kinds of insurance until  
14 a revision of such description is approved by the Commissioner. The captive  
15 insurance company shall inform the Commissioner of any material change in  
16 rates within 30 days of the adoption of such change.

17 (2) Each applicant captive insurance company shall also file with the  
18 Commissioner evidence of the following:

19 (A) the amount and liquidity of its assets relative to the risks to be  
20 assumed;

1           (B) the adequacy of the expertise, experience, and character of the  
2 person or persons who will manage it;

3           (C) the overall soundness of its plan of operation;

4           (D) the adequacy of the loss prevention programs of its insureds; and

5           (E) such other factors deemed relevant by the Commissioner in  
6 ascertaining whether the proposed captive insurance company will be able to  
7 meet its policy obligations.

8           (3) Information submitted pursuant to this subsection shall be and  
9 remain confidential, and may not be made public by the Commissioner or an  
10 employee or agent of the Commissioner without the written consent of the  
11 company, except that:

12           (A) such information may be discoverable by a party in a civil action  
13 or contested case to which the captive insurance company that submitted such  
14 information is a party, upon a showing by the party seeking to discover such  
15 information that:

16           (i) the information sought is relevant to and necessary for the  
17 furtherance of such action or case;

18           (ii) the information sought is unavailable from other  
19 nonconfidential sources; and

20           (iii) a subpoena issued by a judicial or administrative officer of  
21 competent jurisdiction has been submitted to the Commissioner; provided,

1 however, that the provisions of this subdivision (3) shall not apply to any risk  
2 retention group; and

3 (B) the Commissioner may, in the Commissioner’s discretion,  
4 disclose such information to a public officer having jurisdiction over the  
5 regulation of insurance in another state, provided that:

6 (i) such public official shall agree in writing to maintain the  
7 confidentiality of such information; and

8 (ii) the laws of the state in which such public official serves  
9 require such information to be and to remain confidential.

10 \* \* \*

11 (e) If the Commissioner is satisfied that the documents and statements that  
12 such captive insurance company has filed comply with the provisions of this  
13 chapter, and that such captive insurance company has been duly organized, the  
14 Commissioner may grant a license authorizing it to do insurance business in  
15 this State until April 1 thereafter, which license may be renewed.

16 Sec. 22. 8 V.S.A. § 6004 is amended to read:

17 § 6004. MINIMUM CAPITAL AND SURPLUS; LETTER OF CREDIT

18 (a) ~~No captive insurance company shall be issued a license unless it~~ Prior  
19 to issuing any policies of insurance or entering into any contracts of  
20 reinsurance, each captive insurance company shall possess and thereafter  
21 maintain unimpaired paid-in capital and surplus of:

1           (1) in the case of a pure captive insurance company, not less than  
2           \$250,000.00;

3           (2) in the case of an association captive insurance company, not less  
4           than \$500,000.00;

5           (3) in the case of an industrial insured captive insurance company, not  
6           less than \$500,000.00;

7           (4) in the case of an agency captive insurance company, not less than  
8           \$500,000.00;

9           (5) in the case of a risk retention group, not less than \$1,000,000.00; and

10          (6) in the case of a sponsored captive insurance company, not less than  
11          \$100,000.00.

12          (b) The Commissioner may prescribe additional capital and surplus based  
13          upon the type, volume, and nature of insurance business transacted.

14          (c) Capital and surplus may be in the form of cash, marketable securities, a  
15          trust approved by the Commissioner and of which the Commissioner is the  
16          sole beneficiary, or an irrevocable letter of credit issued by a bank approved by  
17          the Commissioner. The Commissioner may reduce or waive the capital and  
18          surplus amounts required by this section pursuant to a plan of dissolution for  
19          the company approved by the Commissioner.

20          (d) Within 30 days after commencing business, each captive insurance  
21          company shall file with the Commissioner a statement under oath of its

1 president and secretary certifying that the captive insurance company  
2 possessed the requisite unimpaired paid-in capital and surplus prior to  
3 commencing business.

4 Sec. 23. 8 V.S.A. § 6007 is amended to read:

5 § 6007. REPORTS AND STATEMENTS

6 (a) Captive insurance companies shall not be required to make any annual  
7 report except as provided in this chapter.

8 (b) Prior to March 1 of each year, and prior to March 15 of each year in the  
9 case of pure captive insurance companies, association captive insurance  
10 companies, sponsored captive insurance companies, ~~or~~ industrial insured  
11 captive insurance companies, or agency captive insurance companies, each  
12 captive insurance company shall submit to the Commissioner a report of its  
13 financial condition, verified by oath of two of its executive officers. Each  
14 captive insurance company shall report using generally accepted accounting  
15 principles, statutory accounting principles, or international financial reporting  
16 standards unless the Commissioner requires, approves, or accepts the use of  
17 any other comprehensive basis of accounting, in each case with any  
18 appropriate or necessary modifications or adaptations thereof required or  
19 approved or accepted by the Commissioner for the type of insurance and kinds  
20 of insurers to be reported upon, and as supplemented by additional information  
21 required by the Commissioner. As used in this section, statutory accounting

1 principles shall mean the accounting principles codified in the NAIC  
2 Accounting Practices and Procedures Manual. Upon application for  
3 admission, a captive insurance company shall select, with explanation, an  
4 accounting method for reporting. Any change in a captive insurance  
5 company's accounting method shall require prior approval. Except as  
6 otherwise provided, each risk retention group shall file its report in the form  
7 required by subsection 3561(a) of this title, and each risk retention group shall  
8 comply with the requirements set forth in section 3569 of this title. The  
9 Commissioner shall by rule propose the forms in which pure captive insurance  
10 companies, association captive insurance companies, sponsored captive  
11 insurance companies, and industrial insured captive insurance companies shall  
12 report. Subdivision 6002(c)(3) of this title shall apply to each report filed  
13 pursuant to this section, except that such subdivision shall not apply to reports  
14 filed by risk retention groups.

15 (c) Any pure captive insurance company, association captive insurance  
16 company, sponsored captive insurance company, ~~or~~ industrial insured captive  
17 insurance company, or agency captive insurance company may make written  
18 application for filing the required report on a fiscal year-end. If an alternative  
19 reporting date is granted:

20 (1) the annual report is due 75 days after the fiscal year-end; and

1           (2) in order to provide sufficient detail to support the premium tax  
2 return, the pure captive insurance company, association captive insurance  
3 company, sponsored captive insurance company, or industrial insured captive  
4 insurance company shall file prior to March 15 of each year for each calendar  
5 year-end, pages 1, 2, 3, and 5 of the “Vermont Captive Insurance Company  
6 Annual Report - Short Form” verified by oath of two of its executive officers.

7 Sec. 24. 8 V.S.A. § 6034c is amended to read:

8 § 6034c. ~~PROTECTED CELL CONVERSION INTO AN INCORPORATED~~  
9           ~~PROTECTED CELL~~

10           (a)(1) Subject to the prior written approval of the Commissioner, on  
11 application of the sponsor and with the prior consent of each participant of the  
12 affected protected cell cells or as otherwise permitted pursuant to a  
13 participation agreement and the consent of each affected incorporated  
14 protected cell, a sponsored captive insurance company or a sponsored captive  
15 insurance company licensed as a special purpose financial insurance company  
16 may convert a ~~protected cell into an incorporated protected cell pursuant to the~~  
17 ~~provisions of section 6034a of this title, without affecting the protected cell’s~~  
18 ~~assets, rights, benefits, obligations, and liabilities~~ one or more protected cells  
19 or incorporated protected cells into a:

20           (A) single protected cell or incorporated protected cell;

21           (B) new sponsored captive insurance company;



1           (C) new sponsored captive insurance company licensed as a special  
2 purpose financial insurance company;

3           (D) new special purpose financial insurance company;

4           (E) new pure captive insurance company;

5           (F) new risk retention group;

6           (G) new agency captive insurance company;

7           (H) new industrial insured captive insurance company; or

8           (I) new association captive insurance company.

9           (2) Any such conversion shall be subject to section 6031 and  
10 subchapters 1 and 4 of this chapter, as applicable, as well as to a plan or plans  
11 of operation approved by the Commissioner, without affecting any protected  
12 cell's or incorporated protected cell's assets, rights, benefits, obligations, and  
13 liabilities.

14           (b) Any such conversion shall be deemed for all purposes to be a  
15 continuation of ~~the~~ each such protected cell's or incorporated protected cell's  
16 existence together with all of its assets, rights, benefits, obligations, and  
17 liabilities, as ~~an~~ a new protected cell or incorporated protected cell ~~of the,~~ a  
18 licensed sponsored captive insurance company ~~or,~~ a sponsored captive  
19 insurance company licensed as a special purpose financial insurance company,  
20 a special purpose financial insurance company, a pure captive insurance  
21 captive, a risk retention group, an industrial insured captive insurance

1 company, or an association captive insurance company, as applicable. Any  
2 such conversion shall be deemed to occur without any transfer or assignment  
3 of any such assets, rights, benefits, obligations, or liabilities and without the  
4 creation of any reversionary interest in, or impairment of, any such assets,  
5 rights, benefits, obligations, and liabilities.

6 (c) Any such conversion shall not be construed to limit any rights or  
7 protections applicable to any converted protected cell or incorporated protected  
8 cell and such sponsored captive insurance company or sponsored captive  
9 insurance company licensed as a special purpose financial insurance company  
10 under this subchapter or under subchapter 4 of this chapter, as applicable, that  
11 existed immediately prior to the date of any such conversion.

12 (d)(1) Any protected cell converting into an incorporated protected cell  
13 pursuant to this section, or converting into a new captive insurance company or  
14 risk retention group pursuant to this section, shall perform such conversion in  
15 accordance with:

16 (A) the provisions of 11A V.S.A. chapter 11 if the converted entity is  
17 to be a corporation;

18 (B) the provisions of 11 V.S.A. chapter 25, subchapter 10 if the  
19 converted entity is to be a limited liability company; or

20 (C) the provisions applicable to any other type of entity permissible  
21 under Vermont law if the converted entity is to be such an entity.

1           (2) As used in this subdivision, a protected cell that is not an  
2           incorporated protected cell shall be considered an “organization” as that term is  
3           defined in 11A V.S.A. § 11.01 and 11 V.S.A. § 4141; an “other insurer” as that  
4           term is defined in 8 V.S.A. § 6020; and an “entity” as that term is defined in  
5           11C V.S.A. § 102.

6           Sec. 25. REPEAL

7           8 V.S.A. § 6034e is repealed.

8           Sec. 26. 8 V.S.A. § 6006(j) is amended to read:

9           (j) The provisions of chapter 101, subchapters 3 and 3A of this title,  
10           pertaining to mergers, consolidations, conversions, mutualizations,  
11           redomestications, and mutual holding companies, shall apply in determining  
12           the procedures to be followed by captive insurance companies in carrying out  
13           any of the transactions described therein, except that:

14           (1) If the shareholders, members, or policyholders of the captive  
15           insurance company have unanimously approved of the merger, the procedures  
16           set forth in section 6006a of this title shall apply.

17           (2) The Commissioner may, upon request of an insurer party to a merger  
18           authorized under this subsection, waive the requirement of subdivision 3424(6)  
19           of this title.

20           ~~(2)~~(3) The Commissioner may waive the requirements for public notice  
21           and hearing or, in accordance with rules ~~which~~ that the Commissioner may

1 adopt addressing categories of transactions, modify the requirements for public  
2 notice and hearing. If a notice of public hearing is required, but no one  
3 requests a hearing ten days before the day set for the hearing, then the  
4 Commissioner may cancel the hearing.

5 ~~(3)~~(4) The provisions of subsections 3423(f) and (h) of this title shall not  
6 apply, and the Commissioner may waive or modify the requirement of  
7 subdivision 3423(b)(4) of this title, with respect to market value of a converted  
8 company as necessary or desirable to reflect applicable restrictions on  
9 ownership of companies formed under this chapter.

10 ~~(4)~~(5) An alien insurer may be a party to a merger authorized under this  
11 subsection; provided that the requirements for a merger between a captive  
12 insurance company and a foreign insurer under section 3431 of this title shall  
13 apply to a merger between a captive insurance company and an alien insurer  
14 under this subsection. Such alien insurer shall be treated as a foreign insurer  
15 under section 3431 and such other jurisdictions shall be the equivalent of a  
16 state for purposes of section 3431.

17 ~~(5)~~(6) The Commissioner may issue a certificate of general good to  
18 permit the formation of a captive insurance company that is established for the  
19 purpose of consolidating or merging with or assuming existing insurance or  
20 reinsurance business from an existing licensed captive insurance company.  
21 The Commissioner may, upon request of such newly formed captive insurance

1 company, waive or modify the requirements of subdivisions 6002(c)(1)(B) and  
2 (2) of this title.

3 ~~(6)~~(7) The Commissioner may waive or modify application of the  
4 provisions of chapter 132 and chapter 101, subchapters 3 and 3A of this title  
5 and the provisions of Titles 11, 11A, and 11B in order to permit mergers of a  
6 non-insurer subsidiary of a captive insurance company with and into the  
7 captive insurance company or another of its subsidiaries without approval of  
8 the shareholders, members, or subscribers of such captive insurance company  
9 and without making available to the shareholders, members, or subscribers  
10 dissenters' rights otherwise made available in such a merger; provided,  
11 however, that the board of directors, managers, or subscribers' advisory  
12 committee of each of the merging entities shall approve such merger. The  
13 Commissioner may condition any such waiver or modification upon a good  
14 faith effort by the captive insurance company to provide notice of the merger  
15 to its shareholders, members, or subscribers.

16 Sec. 27. 8 V.S.A. § 6006a is added to read:

17 § 6006a. MERGERS

18 (a) Any captive insurance company meeting the qualifications set forth in  
19 subdivision 6006(j)(1) of this title may merge with any other insurer, whether  
20 licensed in this State or elsewhere, in the following manner:

1           (1) The board of directors of each insurer shall, by a resolution adopted  
2           by a majority vote of the members of such board, approve a joint agreement of  
3           merger setting forth:

4                   (A) the names of the insurers proposed to merge, and the name of the  
5                   insurer into which they propose to merge, which is hereafter designated as the  
6                   surviving company;

7                   (B) the terms and conditions of the proposed merger and the mode of  
8                   carrying the same into effect;

9                   (C) the manner and basis of converting the ownership interests, if  
10                  applicable, in other than the surviving insurer into ownership interests or other  
11                  consideration, securities, or obligations of the surviving insurer;

12                  (D) a restatement of such provisions of the articles of incorporation  
13                  of the surviving insurer as may be deemed necessary or advisable to give effect  
14                  to the proposed merger; and

15                  (E) any other provisions with respect to the proposed merger as are  
16                  deemed necessary or desirable.

17           (2) The resolution of the board of directors of each insurer approving the  
18           agreement shall direct that the agreement be submitted to a vote of the  
19           shareholders, members, or policyholders, as the case may be, of each insurer  
20           entitled to vote in respect thereof at a designated meeting thereof, or via  
21           unanimous written consent of such shareholders, members, or policyholders in

1 lieu of a meeting. Notice of the meeting shall be given as provided in the  
2 bylaws, charter, or articles of association, or other governance document, as  
3 the case may be, of each insurer and shall specifically reflect the agreement as  
4 a matter to be considered at the meeting.

5 (3) The agreement of merger so approved shall be submitted to a vote of  
6 the shareholders, members, or policyholders, as the case may be, of each  
7 insurer entitled to vote in respect thereof at the meeting directed by the  
8 resolution of the board of directors of such company approving the agreement,  
9 and the agreement shall be unanimously adopted by the shareholders,  
10 members, or policyholders, as the case may be.

11 (4) Following the adoption of the agreement by any insurer, articles of  
12 merger shall be adopted in the following manner:

13 (A) Upon the execution of the agreement of merger by all of the  
14 insurers parties thereto, there shall be executed and filed, in the manner  
15 hereafter provided, articles of merger setting forth the agreement of merger, the  
16 signatures of the several insurers parties thereto, the manner of its adoption,  
17 and the vote by which adopted by each insurer.

18 (B) The articles of merger shall be signed on behalf of each insurer  
19 by a duly authorized officer, in such multiple copies as shall be required to  
20 enable the insurers to comply with the provisions of this subchapter with

1 respect to filing and recording the articles of merger, and shall then be  
2 presented to the Commissioner.

3 (C) The Commissioner shall approve the articles of merger if he or  
4 she finds that the merger will promote the general good of the State in  
5 conformity with those standards set forth in section 3305 of this title. If he or  
6 she approves the articles of merger, he or she shall issue a certificate of  
7 approval of merger.

8 (5) The insurer shall file the articles of merger, accompanied by the  
9 agreement of merger and the certificate of approval of merger, with the  
10 Secretary of State and pay all fees as required by law. If the Secretary of State  
11 finds that they conform to law, he or she shall issue a certificate of merger and  
12 return it to the surviving insurer or its representatives. The merger shall take  
13 effect upon the filing of articles of merger with the Secretary of State, unless a  
14 later effective date is specified therein.

15 (6) The surviving insurer shall file a copy of the certificate of merger  
16 from the Secretary of State with the Commissioner.

17 (b) When such merger or consolidation has been effected as provided in  
18 this section:

19 (1) The several insurers parties to the agreement of merger shall be a  
20 single captive insurance company that shall be the surviving insurer a party to  
21 the agreement of merger into which it has been agreed the other insurers



1 parties to the agreement shall be merged, which surviving insurer shall survive  
2 the merger.

3 (2) The separate existence of all of the insurers parties to the agreement  
4 of merger, except the surviving captive insurance company, shall cease.

5 (3) The single captive insurance company shall have all of the rights,  
6 privileges, immunities, and powers and shall be subject to all of the duties and  
7 liabilities of a captive insurance company organized under this chapter.

8 (4) The single captive insurance company shall possess all the rights,  
9 privileges, immunities, powers, and franchises of a public as well as of a  
10 private nature of each of the insurers so merged; and all property, real,  
11 personal, and mixed, and all debts due on whatever account, including  
12 subscriptions to shares of capital stock, and all other choses in action and all  
13 and every other interest, of or belonging to or due to each of the insurers so  
14 merged shall be taken and deemed to be transferred to and vested in such  
15 single captive insurance company without further act or deed; and the title to  
16 any real estate, or any interest therein, under the laws of this State vested in  
17 any such insurers shall not revert or be in any way impaired by reason of the  
18 merger.

19 (5) The single captive insurance company shall be responsible and liable  
20 for all the liabilities and obligations of each of the insurers so merged in the  
21 same manner and to the same extent as if the single insurer had itself incurred

1 the same or contracted therefor; and any claim existing or action or proceeding  
2 pending by or against any of the insurers may be prosecuted to judgment as if  
3 the merger had not taken place. Neither the rights of creditors nor any liens  
4 upon the property of any insurers shall be impaired by the merger, but such  
5 liens shall be limited to the property upon which they were liens immediately  
6 prior to the time of the merger unless otherwise provided in the agreement of  
7 merger.

8 (6) The articles of association or other governing document of the  
9 surviving captive insurance company shall be supplanted and superseded to the  
10 extent, if any, that any provision or provisions of the articles are restated in the  
11 agreement of merger as provided in subsection (a) of this section, and such  
12 articles of association or other governing document shall be deemed to be  
13 thereby and to that extent amended.

14 (c)(1) In the case of a merger between a domestic and a foreign or alien  
15 insurer, the articles of merger shall be regarded as executed by the proper  
16 officers of said foreign or alien insurer when such officers are duly authorized  
17 to execute same through such action on the part of the directors, shareholders,  
18 members, or policyholders, as the case may be, of said foreign or alien insurer  
19 as may be required by the laws of the state where the same is incorporated, and  
20 upon execution, the articles of merger shall be submitted to the Insurance  
21 Commissioner or other officer at the head of the insurance department of the

1 jurisdiction where such foreign or alien insurer is domiciled. No merger shall  
2 take effect until it has been approved by the insurance official of the  
3 jurisdiction where the foreign or alien insurer is domiciled nor until a  
4 certificate of his or her approval has been filed with the Commissioner,  
5 provided that such submission to and approval by the proper official of the  
6 other jurisdiction shall not be required unless the same are required by the laws  
7 of the foreign or alien jurisdiction. Provided, further, that the domestic captive  
8 insurance company involved in the merger shall not through anything  
9 contained in this section be relieved of any of the procedural requirements  
10 enumerated elsewhere in this section.

11 (2) A merger between a domestic and a foreign or alien captive  
12 insurance company shall not take effect unless and until the surviving captive  
13 insurance company, if such is a foreign or alien insurer, files with the  
14 Commissioner a power of attorney appointing the Commissioner the attorney  
15 for service of the foreign or alien insurer, upon whom all lawful process  
16 against the insurers may be served. Said power of attorney shall be irrevocable  
17 if the foreign or alien insurer has outstanding in this State any contract of  
18 insurance, or other obligation whatsoever, and shall by its terms so provide.  
19 Service upon the Commissioner shall be deemed sufficient service upon the  
20 insurer.

21 Sec. 28. 8 V.S.A. § 6006b is added to read:

1     § 6006b. REDOMESTICATION

2           (a) Any foreign or alien insurer that qualifies for licensure as a captive  
3     insurance company in this State may redomesticate to this State by complying  
4     with all of the requirements of law relative to the organization and licensing of  
5     a captive insurance company and by filing with the Secretary of State its  
6     articles of association, charter, or other organization document, together with  
7     appropriate amendments thereto adopted in accordance with the laws of this  
8     State bringing such articles of association, charter, or other organizational  
9     document into compliance with the laws of this State, along with a certificate  
10    of general good issued by the Commissioner and a filing fee per section 3440  
11    of this title. An insurer becoming a domestic captive insurance company  
12    through this redomestication process shall pay to the Commissioner such fees  
13    as would otherwise be payable by a captive insurance company organizing and  
14    becoming licensed or transacting business in this State. The Commissioner  
15    may issue a conditional license prior to the effective date of the  
16    redomestication in order to facilitate the transaction and provide notice of  
17    approval of the transaction to the outgoing jurisdiction. The domestic insurer  
18    shall be entitled to the necessary or appropriate certificates and licenses to  
19    continue its business and to transact business in this State and shall be subject  
20    to the authority and jurisdiction of this State. No insurer redomesticating into  
21    this State as a captive insurance company need merge, consolidate, transfer

1 assets, or otherwise engage in any other reorganization, other than as specified  
2 in this section.

3 (b) Upon the approval of and compliance with such conditions as may be  
4 imposed by the Commissioner, any captive insurance company may transfer its  
5 domicile, in accordance with the laws thereof, to any other state or jurisdiction  
6 and upon such a transfer shall cease to be a domestic captive insurance  
7 company, and its corporate or other legal existence in this State shall cease  
8 upon the filing of articles of redomestication with the Secretary of State, or  
9 upon such later date if a delayed effective date is specified in the articles of  
10 redomestication, accompanied by a certificate of approval of redomestication  
11 issued by the Commissioner and proof of acceptance of the insurer by the  
12 Secretary of State or analogous officer of the jurisdiction to which the captive  
13 insurance company is redomesticating, and upon payment to the Secretary of  
14 State of a filing fee per section 3438 of this title. Said articles of  
15 redomestication shall contain, at a minimum, the following information:

16 (1) the name, organizational form, date of formation, and jurisdiction of  
17 formation of the redomesticating entity;

18 (2) the jurisdiction to which the redomesticating entity will be  
19 transferring its domicile and its name following the redomestication date;

20 (3) the registered office and agent of the redomesticating entity  
21 following the redomestication date; and

1           (4) a statement that the redomestication has been approved by the  
2           appropriate vote of the shareholders or other owners of the redomesticating  
3           entity.

4           (c) Upon redomestication in accordance with this section, the foreign or  
5           alien insurer shall become a captive insurance company organized under the  
6           laws of this State and have all the rights, privileges, immunities, and powers,  
7           and be subject to all applicable laws, duties, and liabilities, of domestic  
8           insurers of the same type. Such captive insurance company shall possess all  
9           rights that obtained prior to the redomestication to the extent permitted by the  
10           laws of this State, and shall be responsible and liable for all the liabilities and  
11           obligations that obtained prior to the redomestication. The certificate of  
12           authority, agents, appointments and licenses, rates, and other items that the  
13           Commissioner allows, in his or her discretion, that are in existence at the time  
14           any insurer transfers its corporate domicile to this or any other state or  
15           jurisdiction by redomestication pursuant to this section shall continue in full  
16           force and effect upon such transfer. All outstanding policies of any  
17           transferring insurer shall remain in full force and effect.

18           Sec. 29. 8 V.S.A. § 6053(1) is amended to read:

19           (1) Notice of operations and designation of ~~Secretary of State~~  
20           Commissioner as agent. Before offering insurance in this State, a risk  
21           retention group shall submit to the Commissioner:

1           (A) a statement identifying the state or states in which the risk  
2 retention group is chartered and licensed as a liability insurance company,  
3 charter date, its principal place of business, and such other information,  
4 including information on its membership, as the Commissioner of this State  
5 may require to verify that the risk retention group is qualified under  
6 subdivision 6051(11) of this title;

7           (B) a copy of its plan of operations and feasibility study and revisions  
8 of such plan or study submitted to the state in which the risk retention group is  
9 chartered and licensed; provided, however, that the provision relating to the  
10 submission of a plan of operation or feasibility study shall not apply with  
11 respect to any line or classification of liability insurance which:

12           (i) was defined in the Product Liability Risk Retention Act of  
13 1981 before October 27, 1986; and

14           (ii) was offered before such date by any risk retention group which  
15 had been chartered and operating for not less than three years before such date;  
16 and

17           (iii) the risk retention group shall submit a copy of any revision to  
18 its plan of operation or feasibility study required by subsection 6052(b) of this  
19 title at the time that such revision has become effective in its chartering state;  
20 and

1 (C) a statement of registration, for which a filing fee shall be  
2 determined by the Commissioner, which designates the ~~Secretary of State~~  
3 Commissioner as its agent for the purpose of receiving service of legal  
4 documents or process.

5 \* \* \*

6 Sec. 30. 8 V.S.A. § 6056(b) is amended to read:

7 (b) The purchasing group shall register with and designate the ~~Secretary of~~  
8 ~~State~~ Commissioner as its agent solely for the purpose of receiving service of  
9 legal documents or process, except for any groups exempted under 15 U.S.C.  
10 § 3903(e). Service shall be effected in the manner provided in section 3383 of  
11 this title.

12 Sec. 31. EFFECTIVE DATE

13 This act shall take effect on passage.

14

15

16

17 (Committee vote: \_\_\_\_\_)

18

\_\_\_\_\_

19

Senator \_\_\_\_\_

20

FOR THE COMMITTEE