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H.659

Introduced by Representatives Marcotte of Coventry and Jerome of Brandon

Referred to Committee on

Date:

Subject: Insurance; captive insurance

Statement of purpose of bill as introduced: This bill proposes to make various amendments to Vermont law as it pertains to captive insurance.

An act relating to captive insurance

It is hereby enacted by the General Assembly of the State of Vermont:

Sec. 1. 8 V.S.A. § 6032 is amended to read

§ 6032. DEFINITIONS

As used in this subchapter, ~~unless the context requires otherwise:~~

\* \* \*

(7) “Sponsored captive insurance company” means any captive insurance company:

(A) in which the minimum capital and surplus required by applicable law is provided by one or more sponsors;

(B) that is formed or licensed under the provisions of this chapter;

1 (C) that insures the risks only of its participants or, subject to  
2 Commissioner approval, other parties unaffiliated with a participant as defined  
3 in subsection 6036(d) of this title, through separate participant contracts; and

4 (D) that funds its liability to each participant through one or more  
5 protected cells and segregates the assets of each protected cell from the assets  
6 of other protected cells and from the assets of the sponsored captive insurance  
7 company's general account.

8 (8) "Controlled unaffiliated entity" means any person or entity:

9 (A) that is not in the corporate system of a participant and its  
10 affiliated companies;

11 (B) that has an existing contractual relationship with a participant or  
12 one of its affiliated companies; and

13 (C) whose risks are managed by a participant, as applicable, in  
14 accordance with section 6019 of this title.

15 Sec. 2. 8 V.S.A. § 6034h is added to read:

§ 6034h. CONVERSION INTO PROTECTED ~~CELL~~ CELL

16 (a)(1) Subject to the prior written approval of the Commissioner, a captive  
17 insurance company domiciled in this State and organized as an agency captive  
18 insurance company, association captive insurance company, industrial insured  
19 captive insurance company, pure captive insurance company, risk retention

1 group, or special purpose financial insurance company may be converted into  
2 an unincorporated protected cell.

3 (2) Any such conversion shall be subject to subchapters 1 and 4 of this  
4 chapter, as applicable, as well as to a plan or plans of operation approved by  
5 the Commissioner, without affecting the converted entity's assets, rights,  
6 benefits, obligations, or liabilities.

7 (b) Any such conversion shall be deemed for all purposes to be a  
8 continuation of such converted entity's existence together with all of its assets,  
9 rights, benefits, obligations, and liabilities as a new protected cell. Any such  
10 conversion shall be deemed to occur without any transfer or assignment of any  
11 such assets, rights, benefits, obligations, or liabilities and without the creation  
12 of any reversionary interest in, or impairment of, any such assets, rights,  
13 benefits, obligations, and liabilities.

14 (c) Any such conversion shall not be construed to limit any rights or  
15 protections applicable to any converted entity under this subchapter or under  
16 subchapter 1 or 4 of this chapter, as applicable, that existed immediately prior  
17 to the date of such conversion.

18 (d)(1) Any entity converting into a protected cell pursuant to this section  
19 shall perform such conversion in accordance with:

20 (A) the provisions of 11A V.S.A. chapter 11 if the converted entity  
21 was a corporation;

1           (B) the provisions of 11 V.S.A. chapter 25, subchapter 10 if the  
2           converted entity was a limited liability company; or

3           (C) the provisions applicable to any other type of entity permissible  
4           under Vermont law if the converted entity was such an entity.

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

10          Sec. 3. 8 V.S.A. § 6002(a)(10) is amended to read:

11           (10) Any captive insurance company that transfers risk by means of a  
12          parametric contract shall comply with all applicable State and federal laws and  
13          regulations. ~~As used in this subdivision, “parametric contract” means a~~  
14          ~~contract to make a payment upon the occurrence of one or more specified~~  
15          ~~triggering events without proof of loss or obligation to indemnify. A~~  
16          ~~parametric contract is not an insurance contract.~~

17          Sec. 4. 8 V.S.A. § 6004 is amended to read:

18          § 6004. MINIMUM CAPITAL AND SURPLUS; LETTER OF CREDIT

19           (a) Prior to issuing any policies of insurance or entering into any contracts  
20          of 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~~ \$250,000.00;

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

11 (6) in the case of a sponsored captive insurance company, not less than  
12 \$100,000.00.

13 \* \* \*

14 Sec. 5. 8 V.S.A. § 6017 is amended to read:

15 § 6017. CAPTIVE INSURANCE REGULATORY AND SUPERVISION

16 FUND

17 (a)(1) There is hereby created a fund to be known as the Captive Insurance  
18 Regulatory and Supervision Fund for the purpose of providing the financial  
19 means for the Commissioner of Financial Regulation to administer this  
20 chapter, chapter 142, and chapter 142A of this title and for reasonable  
21 expenses incurred in promoting the captive insurance industry in Vermont.

1 The transfer of ~~11~~ 13 percent of the premium tax under subsection 6014(h) of  
2 this title and all fees and assessments received by the Department pursuant to  
3 the administration of these chapters shall be credited to this Fund. Of this  
4 amount, not more than three percent of the premium tax under section 6014  
5 may be expended by the Agency of Commerce and Community Development,  
6 with approval of the Secretary of Administration, for promotional expenses.

7 ~~All fees received by the Department from reinsurers who assume risk solely~~  
8 ~~from captive insurance companies and are subject to the provisions of~~  
9 ~~subsections 3634a(a) through (f) of this title shall be deposited into the Captive~~  
10 ~~Insurance Regulatory and Supervision Fund. All fines and administrative~~  
11 ~~penalties, however, shall be deposited directly into the General Fund.~~

12 \* \* \*

13 Sec. 6. 8 V.S.A. § 6011 is amended to read:

14 § 6011. REINSURANCE

15 \* \* \*

16 (b) Any captive insurance company may take credit for the reinsurance of  
17 risks or portions of risks ceded to reinsurers complying with the provisions of  
18 subsections 3634a(a) through (e) of this title. Prior approval of the  
19 Commissioner shall be required for ceding or taking credit for the reinsurance  
20 of risks or portions of risks ceded to reinsurers not complying with subsections

1 3634a(a) through (e) of this title, ~~except for business written by an alien~~  
2 ~~captive insurance company outside the United States.~~

3 \* \* \*

4 Sec. 7. 8 V.S.A. § 22 is amended to read:

5 § 22. CONFIDENTIALITY AND INFORMATION-SHARING  
6 AGREEMENTS

7 \* \* \*

8 (f) The provisions of this section shall apply to information relating to  
9 persons that engage in activities that are financial in nature, or incidental or  
10 complementary to such financial activity within the meaning of 12 U.S.C. §  
11 1843(k) and to credit unions; ~~provided, however, this.~~ This section shall also  
12 apply to captives formed or licensed under the provisions of chapter 141 or  
13 142 of this title only to the extent contemplated by 15 U.S.C. § 6716.

14 Sec. 8. 8 V.S.A. § 6002(c)(3) is amended to read:

15 (3) Information submitted pursuant to this subsection, including any  
16 subsequent updates, amendments, or revisions of or to such information, shall  
17 be and remain confidential, and may not be made public by the Commissioner  
18 or an employee or agent of the Commissioner without the written consent of  
19 the company, except that:

20 (A) ~~such information may be discoverable by a party in a civil action~~  
21 ~~or contested case to which the captive insurance company that submitted such~~

1 information is a party, upon a showing by the party seeking to discover such  
2 information that:

3 (i) ~~the information sought is relevant to and necessary for the~~  
4 ~~furtherance of such action or case;~~

5 (ii) ~~the information sought is unavailable from other~~  
6 ~~nonconfidential sources; and~~

7 (iii) ~~a subpoena issued by a judicial or administrative officer of~~  
8 ~~competent jurisdiction has been submitted to the Commissioner; provided,~~  
9 ~~however, that the provisions of this subdivision (3) shall not apply to any risk~~  
10 ~~retention group; and The Commissioner may, in the Commissioner's~~  
11 ~~discretion, disclose or publish or authorize the disclosure or publication of any~~  
12 ~~such record or report or any part thereof in the furtherance of legal or~~  
13 ~~regulatory proceedings brought as a part of the Commissioner's official duties.~~  
14 ~~The Commissioner may, in the Commissioner's discretion, disclose or publish~~  
15 ~~or authorize the disclosure or publication of any such record or report or any~~  
16 ~~part thereof to criminal law enforcement authorities for use in the exercise of~~  
17 ~~such authority's duties in such manner as the Commissioner may deem proper.~~

18 (B) ~~the~~ The Commissioner may, in the Commissioner's discretion,  
19 disclose such information to a public officer having jurisdiction over the  
20 regulation of insurance in another state and with other state, federal, or  
21 international agencies, provided that:



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

3 (ii) the laws of the state or foreign government in which such  
4 public official serves require such information to be and to remain  
5 confidential.

6 (C) Neither the Commissioner nor any person who received  
7 documents pursuant to this subsection, material, or information while acting  
8 under the authority of the Commissioner shall be permitted or required to  
9 testify in any private civil action concerning any confidential documents,  
10 material, or information.

11 (D) Nothing in this subsection (c) shall excuse the applicant from  
12 making any required disclosure under this chapter.

13 Sec. 9. 8 V.S.A. § 6008(c) is amended to read:

14 (c) All Subdivision 6002(c)(3) of this title shall apply to all examination  
15 reports, preliminary examination reports or results, working papers, recorded  
16 information, documents and copies thereof produced by, obtained by, or  
17 disclosed to the Commissioner or any other person in the course of an  
18 examination made under this section ~~are confidential and are not subject to~~  
19 ~~subpoena and may not be made public by the Commissioner or an employee or~~  
20 ~~agent of the Commissioner without the written consent of the company, except~~  
21 ~~to the extent provided in this subsection. Nothing in this subsection shall~~

1 prevent the Commissioner from using such information in furtherance of the  
2 Commissioner's regulatory authority under this title. The Commissioner may,  
3 in the Commissioner's discretion, grant access to such information to public  
4 officers having jurisdiction over the regulation of insurance in any other state  
5 or country, or to law enforcement officers of this State or any other state or  
6 agency of the federal government at any time, so long as such officers  
7 receiving the information agree in writing to hold it in a manner consistent  
8 with this section.

9 Sec. 10. 8 V.S.A. § 6048o is amended to read:

10 § 6048o. CONFIDENTIALITY

11 (a) All Subdivision 6002(c)(3) and subsection 6008(c) of this title shall  
12 apply to all documents, materials, or other information, including confidential  
13 and privileged documents, examination reports, preliminary examination  
14 reports or results, working papers, recorded information, and copies thereof  
15 produced by, obtained by, or disclosed to the Commissioner or any other  
16 person in the course of an examination made under this subchapter are  
17 confidential and shall not be:

18 (1) ~~subject to subpoena;~~

19 (2) ~~subject to public inspection and copying under the Public Records~~  
20 ~~Act; or~~

21 (3) ~~discoverable or admissible in evidence in any private civil action.~~

1 (b) In furtherance of ~~his or her~~ the Commissioner's regulatory duties, the  
2 Commissioner may: share and receive documents, materials, or other  
3 information pursuant to section 22 of this title.

4 (1) ~~share documents, materials, or other information, including those~~  
5 ~~that are confidential and privileged, with other state, federal, or international~~  
6 ~~regulatory agencies and law enforcement authorities, the National Association~~  
7 ~~of Insurance Commissioners, the North American Securities Administrators~~  
8 ~~Association, self-regulatory organizations organized under 15 U.S.C. §§ 78f,~~  
9 ~~78o-3, and 78q-1, and other self-regulatory organizations and their affiliates or~~  
10 ~~subsidiaries, provided that the recipient agrees in writing to maintain the~~  
11 ~~confidentiality and privileged status of the document, material, or other~~  
12 ~~information;~~

13 (2) ~~receive documents, materials, or information, including those that~~  
14 ~~are confidential and privileged, from other state, federal, and international~~  
15 ~~regulatory agencies and law enforcement authorities, the National Association~~  
16 ~~of Insurance Commissioners, the North American Securities Administrators~~  
17 ~~Association, self-regulatory organizations organized under 15 U.S.C. §§ 78f,~~  
18 ~~78o-3, and 78q-1, and other self-regulatory organizations and their affiliates or~~  
19 ~~subsidiaries and shall maintain as confidential or privileged any document,~~  
20 ~~material, or information received with notice or the understanding that it is~~

1 confidential or privileged under the laws of the jurisdiction that is the source  
2 of the document, material, or information;

3 (3) ~~enter into written agreements with other state, federal, and~~  
4 ~~international regulatory agencies and law enforcement authorities, the National~~  
5 ~~Association of Insurance Commissioners, the North American Securities~~  
6 ~~Administrators Association, self-regulatory organizations organized under 15~~  
7 ~~U.S.C. §§ 78f, 78o-3 and 78q-1, and other self-regulatory organizations and~~  
8 ~~their affiliates or subsidiaries governing sharing and use of information~~  
9 ~~consistent with this section, including agreements providing for cooperation~~  
10 ~~between the Commissioner and other agencies in relation to the activities of a~~  
11 ~~supervisory college; and~~

12 (4) ~~participate in a supervisory college for any special purpose financial~~  
13 ~~insurer that is part of an affiliated group with international operations in order~~  
14 ~~to assess the insurer's compliance with Vermont laws and regulations, as well~~  
15 ~~as to assess the business strategy, financial condition, risk exposure, risk~~  
16 ~~management, governance processes, and legal and regulatory position.~~

17 (c) ~~Prior to sharing information under subsection (b) of this section, the~~  
18 ~~Commissioner shall determine that sharing the information will substantially~~  
19 ~~further the performance of the regulatory or law enforcement duties of the~~  
20 ~~recipient and may not be made public by the Commissioner or an employee or~~

1 agent of the Commissioner without the written consent of the company, except  
2 to the extent provided in subsection (b) of this section. [Repealed.]

3 Sec. 11. 8 V.S.A. § 6049m is amended to read:

4 § 6049m. CONFIDENTIALITY

5 (a) ~~All~~ Subdivision 6002(c)(3) of this title and subsection 6008(c) of this  
6 title shall apply to all documents, materials, and other information, including  
7 confidential and privileged documents, examination reports, preliminary  
8 examination reports or results, working papers, recorded information, and  
9 copies of any of these produced by, obtained by, or disclosed to the  
10 Commissioner or any other person in the course of an examination made under  
11 this subchapter ~~are confidential and shall not be:~~

12 (1) ~~subject to subpoena;~~

13 (2) ~~subject to public inspection and copying under the Public Records~~

14 ~~Act; or~~

15 (3) ~~discoverable or admissible in evidence in any private civil action.~~

16 (b) In furtherance of ~~his or her~~ the Commissioner's regulatory duties, the  
17 Commissioner may: share and receive documents, materials, or other  
18 information pursuant to section 22 of this title.

19 (1) ~~share documents, materials, and other information, including those~~  
20 ~~that are confidential and privileged, with other state, federal, or international~~  
21 ~~regulatory agencies and law enforcement authorities, the National Association~~

1 of Insurance Commissioners, the North American Securities Administrators  
2 Association, self-regulatory organizations organized under 15 U.S.C. §§ 78f,  
3 78o-3, and 78q-1, and other self-regulatory organizations and their affiliates or  
4 subsidiaries, provided that the recipient agrees in writing to maintain the  
5 confidentiality and privileged status of the documents, materials, and other  
6 information;

7 (2) receive documents, materials, and information, including those that  
8 are confidential and privileged, from other state, federal, and international  
9 regulatory agencies and law enforcement authorities, the National Association  
10 of Insurance Commissioners, the North American Securities Administrators  
11 Association, self-regulatory organizations organized under 15 U.S.C. §§ 78f,  
12 78o-3, and 78q-1, and other self-regulatory organizations and their affiliates or  
13 subsidiaries and shall maintain as confidential or privileged any document,  
14 material, or information received with notice or the understanding that it is  
15 confidential or privileged under the laws of the jurisdiction that is the source  
16 of the document, material, or information;

17 (3) enter into written agreements with other state, federal, and  
18 international regulatory agencies and law enforcement authorities, the National  
19 Association of Insurance Commissioners, the North American Securities  
20 Administrators Association, self-regulatory organizations organized under 15  
21 U.S.C. §§ 78f, 78o-3, and 78q-1, and other self-regulatory organizations and

1 ~~their affiliates or subsidiaries governing the sharing and use of information~~  
2 ~~consistent with this section, including agreements providing for cooperation~~  
3 ~~between the Commissioner and other agencies in relation to the activities of a~~  
4 ~~supervisory college; and~~

5 ~~(4) participate in a supervisory college for any affiliated reinsurance~~  
6 ~~company that is part of an affiliated group with international operations in~~  
7 ~~order to assess the insurer's compliance with Vermont laws and regulations, as~~  
8 ~~well as to assess its business strategy, financial condition, risk exposure, risk~~  
9 ~~management, governance processes, and legal and regulatory position.~~

10 ~~(c) Prior to sharing information under subsection (b) of this section, the~~  
11 ~~Commissioner shall determine that sharing the information will substantially~~  
12 ~~further the performance of the regulatory or law enforcement duties of the~~  
13 ~~recipient and that the information shall not be made public by the~~  
14 ~~Commissioner or an employee or agent of the Commissioner without the~~  
15 ~~written consent of the company, except to the extent provided in subsection (b)~~  
16 ~~of this section. [Repealed.]~~

17 Sec. 12. 8 V.S.A. § 6033 is amended to read:

18 § 6033. SUPPLEMENTAL APPLICATION MATERIALS

19 In addition to the information required by subdivisions 6002(c)(1) and (2)  
20 of this title, and subject to the confidentiality provisions of subdivision

1     6002(c)(3) of this title, each applicant-sponsored captive insurance company  
2     shall file with the Commissioner the following:

3   \* \* \*

4     Sec. 13. 8 V.S.A. § 6034g is added to read:

5     § 6034g. CONFIDENTIALITY

6         (a) Subdivision 6002(c)(3) and subsection 6008(c) of this title shall apply  
7         to all documents, materials, or other information, including confidential and  
8         privileged documents, examination reports, preliminary examination reports or  
9         results, working papers, recorded information, and copies thereof produced by,  
10        obtained by, or disclosed to the Commissioner or any other person in the  
11        course of an examination made under this subchapter.

12        (b) In furtherance of the Commissioner's regulatory duties, the  
13        Commissioner may share and receive documents, materials, or other  
14        information pursuant to section 22 of this title.

15     Sec. 14. 8 V.S.A. § 6041 is amended to read:

16     § 6041. ESTABLISHMENT OF A BRANCH CAPTIVE INSURANCE

17   COMPANY

18        (a) A branch captive insurance company may be established in this State in  
19        accordance with the provisions of this chapter, including subdivision  
20        6002(c)(3) of this chapter. In addition to the general provisions of this



1 chapter, the provisions of this subchapter shall apply to branch captive  
2 insurance companies.

3 \* \* \*

4 Sec. 15. 8 V.S.A. § 6047a is added to read:

5 § 6047a. CONFIDENTIALITY

6 (a) Subdivision 6002(c)(3) and subsection 6008(c) of this title shall apply  
7 to all documents, materials, or other information, including confidential and  
8 privileged documents, examination reports, preliminary examination reports or  
9 results, working papers, recorded information, and copies thereof that are  
10 produced by, obtained by, or disclosed to the Commissioner or any other  
11 person in the course of an examination made under this subchapter.

12 (b) In furtherance of the Commissioner's duties, the Commissioner may  
13 share and receive documents, materials, or other information pursuant to  
14 section 22 of this title.

15 Sec. 16. 8 V.S.A. § 6052 is amended to read:

16 § 6052. RISK RETENTION GROUPS CHARTERED IN THIS STATE

17 \* \* \*

18 (c)(1) At the time of filing its application for charter, the risk retention  
19 group shall provide to the Commissioner in summary form the following  
20 information:

21 \* \* \*

1           (2) The applicant may bind separately any portions of the application or  
2 any amendment thereto that contain proprietary information or documents and  
3 request confidential treatment of such portions. As used in this section,  
4 “proprietary information or documents” means certain information or  
5 documents furnished by or pertaining to any of the persons specified in  
6 subdivision (1) of this subsection (c) that would customarily be treated as  
7 confidential or sensitive and the disclosure of which could result in harm or  
8 prejudice to the person to whom the information or documents pertain or  
9 unfair advantage to another person. Such information includes trade secrets,  
10 historical or projected loss data, or case reserves of members or policyholders,  
11 actuarial analyses that include such data or reserves, historical or projected  
12 financial data not otherwise publicly available, and similar information or  
13 documents. The Commissioner shall determine which portions specified by  
14 the applicant fall within the definition of proprietary information or documents  
15 and treat such portions as confidential. Provided, however, that nothing herein  
16 shall excuse the applicant from making any required disclosure under the RRA  
17 1986, this chapter or chapter 141 of this title, or prohibit the Commissioner  
18 from disclosing any proprietary information or documents in the furtherance of  
19 any legal or regulatory proceeding. Before using proprietary information or  
20 documents in a legal or regulatory proceeding that does not involve the  
21 applicant or any person named in the application or any amendment thereto,

1 the Commissioner shall first seek to obtain the same information from  
2 nonconfidential sources. If unavailable from nonconfidential sources, the  
3 Commissioner shall seek to protect the confidential information or documents  
4 from unnecessary disclosure. Upon licensing, the Commissioner shall forward  
5 to the National Association of Insurance Commissioners all information  
6 required under the RRA 1986 to be submitted to each state where the risk  
7 retention group proposes to operate and all other information not deemed  
8 confidential under this section. Providing notification to the National  
9 Association of Insurance Commissioners is in addition to and shall not be  
10 sufficient to satisfy the requirements of section 6053 or any other sections of  
11 this chapter. In addition, the Commissioner may provide access to confidential  
12 application information with respect to risk retention groups to representatives  
13 of the National Association of Insurance Commissioners to inspect (but not  
14 copy) such information in connection with accreditation examinations, so long  
15 as the National Association of Insurance Commissioners agrees in writing to  
16 maintain the confidentiality of such information. Information submitted  
17 pursuant to this subsection, including any subsequent updates, amendments, or  
18 revisions of or to such information, shall be and remain confidential and may  
19 not be made public by the Commissioner or an employee or agent of the  
20 Commissioner without the written consent of the company, except that:

1           (A) The Commissioner may, in the Commissioner’s discretion,  
2           disclose or publish or authorize the disclosure or publication of any such  
3           record or report or any part thereof in the furtherance of legal or regulatory  
4           proceedings brought as a part of the Commissioner’s official duties. The  
5           Commissioner may, in the Commissioner’s discretion and in a manner the  
6           Commissioner deems proper, disclose or publish or authorize the disclosure or  
7           publication of any such record or report or any part thereof to criminal law  
8           enforcement authorities for use in the exercise of the authority’s duties.

9           (B) The Commissioner may, in the Commissioner’s discretion,  
10          disclose such information to a public officer having jurisdiction over the  
11          regulation of insurance and with other state, federal, or international agencies,  
12          provided that:

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

15                (ii) the laws of the state or foreign government in which such  
16                public official serves require such information to be and remain confidential.

17           (C) The Commissioner may provide access to confidential  
18           application information with respect to risk retention groups to representatives  
19           of the National Association of Insurance Commissioners to inspect, but not  
20           copy, such information in connection with accreditation examinations,

1 provided the National Association of Insurance Commissioners agrees in  
2 writing to maintain the confidentiality of such information.

3 (D) Neither the Commissioner nor any person who received  
4 documents pursuant to this subsection, material, or information while acting  
5 under the authority of the Commissioner shall be permitted or required to  
6 testify in any private civil action concerning any confidential documents,  
7 material, or information.

8 (E) Nothing in this subsection (c) shall excuse an applicant from  
9 making any required disclosure under the federal liability Risk Retention Act  
10 of 1986, this chapter, or chapter 141 of this title.

11 \* \* \*

12 Sec. 17. 8 V.S.A. § 6007 is amended to read:

13 § 6007. REPORTS AND STATEMENTS

14 \* \* \*

15 (b) Prior to March 1 of each year, and prior to March 15 of each year in the  
16 case of pure captive insurance companies, association captive insurance  
17 companies, sponsored captive insurance companies, industrial insured captive  
18 insurance companies, or agency captive insurance companies, each captive  
19 insurance company shall submit to the Commissioner a report of its financial  
20 condition, verified by oath of two of its executive officers. Each captive  
21 insurance company shall report using generally accepted accounting principles,

1 statutory accounting principles, or international financial reporting standards  
2 unless the Commissioner requires, approves, or accepts the use of any other  
3 comprehensive basis of accounting, in each case with any appropriate or  
4 necessary modifications or adaptations thereof required or approved or  
5 accepted by the Commissioner for the type of insurance and kinds of insurers  
6 to be reported upon, and as supplemented by additional information required  
7 by the Commissioner. As used in this section, statutory accounting principles  
8 shall mean the accounting principles codified in the NAIC Accounting  
9 Practices and Procedures Manual. Upon application for admission, a captive  
10 insurance company shall select, with explanation, an accounting method for  
11 reporting. Any change in a captive insurance company's accounting method  
12 shall require prior approval. Except as otherwise provided, each risk retention  
13 group shall file its report in the form required by subsection 3561(a) of this  
14 title, and each risk retention group shall comply with the requirements set forth  
15 in section 3569 of this title. The Commissioner shall by rule propose the  
16 forms in which pure captive insurance companies, association captive  
17 insurance companies, sponsored captive insurance companies, and industrial  
18 insured captive insurance companies shall report. Subdivision 6002(c)(3) of  
19 this title shall apply to each report filed pursuant to this section, ~~except that~~  
20 ~~such subdivision shall not apply to reports filed by risk retention groups.~~

21

\* \* \*

1 Sec. 18. 8 V.S.A. § 6074 is amended to read:

2 § 6074. EXAMINATION AUTHORITY

3 \* \* \*

4 (b) ~~All~~ Subsection 6052(a) of this title shall apply to all examination  
5 reports, work papers, recorded information, documents and copies thereof  
6 produced by, obtained by, or disclosed to the Commissioner or any other  
7 person in the course of an examination made under this section ~~are confidential~~  
8 ~~and are not subject to subpoena and may not be made public by the~~  
9 ~~Commissioner or any other person, except as otherwise provided in this~~  
10 ~~section. The Commissioner is authorized to use and make public any report,~~  
11 ~~work paper, or other documents, or any other information discovered or~~  
12 ~~developed during the course of any examination conducted pursuant to this~~  
13 ~~section in the furtherance of any legal or regulatory action.~~

14 Sec. 19. EFFECTIVE DATE

This act shall take effect on ~~July 1, 2024~~ *passage*.