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Act No. 23 (H.137). An act relating to the regulation of insurance products and services

Subjects: Insurance; captive insurance; property and casualty insurance; money transmission licenses; interest rate caps; banking transaction holds; coerced debt; genetic privacy; Medigap rates; virtual-currency kiosks; mutual savings bank governance

This act makes numerous amendments to Vermont law as it pertains to insurance, banking, and money transmission. In addition to numerous housekeeping amendments, the insurance provisions concern the following subjects: property and casualty rate regulation in competitive markets; unfair insurance trade practices related to affordable housing; capitalization, formation, merger, reinsurance, and governance requirements applicable to captive insurance companies and risk retention groups; and regulatory requirements applicable to Medicare supplement insurance rates.

In addition, the act exempts certain payroll processors from having to obtain a money transmission license; expands the scope of “permitted charges” not subject to statutory interest rate caps to include “discount points,” (i.e., prepaid interest), and requires enhanced protections for depositors of mutual savings banks, particularly with respect to governance and the fiduciary duties of corporators.

Regarding the regulation of virtual-currency kiosks, the act extends by one additional year the moratorium on new virtual-currency kiosks in Vermont, which was set to expire on July 1, 2025. It also imposes additional consumer protections applicable to the existing virtual-currency kiosks currently operating in Vermont. These consumer protections include the following: enhanced consumer disclosures and warnings; customer identification requirements; live customer support; mandatory live screenings for certain customers; blockchain analytics to detect and prevent fraudulent transactions; and full refunds for new customers and fee refunds for existing customers in the event of fraudulent activity. Also, the act increases the daily transaction limits for new customers and existing customers and increases the statutory transaction fee cap that a virtual-currency kiosk operator may impose.

Finally, the act requires the Commissioner of Financial Regulation to conduct three in-house studies related to the following topics: enhanced authority for banks to protect account holders from suspected fraudulent activity by imposing transaction holds; protections for victims of coerced debt; and genetic privacy in the insurance context, particularly regarding genetic data obtained by direct-to-consumer companies, such as those that conduct ancestry DNA testing.

Multiple effective dates, beginning on July 1, 2025