

1 H.649

2 An act relating to captive insurance companies

3 Sec. 1. 8 V.S.A. § 6010 is amended to read:

4 § 6010. LEGAL INVESTMENTS

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6 (d) No risk retention group shall make a loan to or investment in its
7 members or affiliates of its members. This prohibition shall not apply to any
8 loan or investment in effect prior to January 1, 2026.

9 Sec. 2. 8 V.S.A. § 6007 is amended to read:

10 § 6007. REPORTS AND STATEMENTS

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

13 (b) Prior to March 1 of each year, and prior to March 15 of each year in the
14 case of pure captive insurance companies, association captive insurance
15 companies, sponsored captive insurance companies, industrial insured captive
16 insurance companies, or agency captive insurance companies, each captive
17 insurance company shall submit to the Commissioner a report of its financial
18 condition, verified by oath of two of its executive officers or, in the case of a
19 captive insurance company formed as a limited liability company or as a
20 reciprocal insurer, of two individuals authorized by the governing board.

21 (c) Each captive insurance company shall report using generally accepted
22 accounting principles, statutory accounting principles, or international financial

1 reporting standards unless the Commissioner requires, approves, or accepts the
2 use of any other comprehensive basis of accounting, in each case with any
3 appropriate or necessary modifications or adaptations thereof required or
4 approved or accepted by the Commissioner for the type of insurance and kinds
5 of insurers to be reported upon, and as supplemented by additional information
6 required by the Commissioner. As used in this section, “statutory accounting
7 principles” means the accounting principles codified in the NAIC Accounting
8 Practices and Procedures Manual. Upon application for admission, a captive
9 insurance company shall select, with explanation, an accounting method for
10 reporting. Any change in a captive insurance company’s accounting method
11 shall require prior approval. ~~Except as otherwise provided, each risk retention~~
12 ~~group shall file its report in the form required by subsection 3561(a) of this~~
13 ~~title, and each risk retention group shall comply with the requirements set forth~~
14 ~~in section 3569 of this title.~~

15 (d) The Commissioner shall by rule propose the forms in which pure
16 captive insurance companies, association captive insurance companies,
17 sponsored captive insurance companies, and industrial insured captive
18 insurance companies shall report. ~~Subdivision 6002(e)(3) of this title shall~~
19 ~~apply to each report filed pursuant to this section, except that such subdivision~~
20 ~~shall not apply to reports filed by risk retention groups.~~

1 ~~(e)~~(e) On or before March 1 of each year, in a form and manner prescribed
2 by the Commissioner, each risk retention group shall file with the National
3 Association of Insurance Commissioners (NAIC) a copy of its annual
4 statement convention blank, the signed jurat page, the actuarial certification,
5 and any other additional filings prescribed by the Commissioner for the
6 preceding year. Any amendments and addendums to the annual statement
7 filing subsequently filed with the Commissioner shall also be filed with the
8 NAIC.

9 (f) Each year, in a form and manner prescribed by the Commissioner, each
10 risk retention group shall file with the NAIC a copy of the quarterly statements
11 exhibiting its condition and affairs for the period beginning on January 1 of the
12 current calendar year through and including the last day of the quarter for
13 which the report is being made. The first quarterly statement shall be filed on
14 or before May 15. The second quarterly statement shall be filed on or before
15 August 15. The third quarterly statement shall be filed on or before November
16 15. If any of the dates specified in this subsection falls on a day other than a
17 business day, then the quarterly statement is due on or before the first business
18 day preceding such date. Information filed with the NAIC shall include a jurat
19 page. A copy of any amendments and addendums to a quarterly statement
20 subsequently filed with the Commissioner shall also be filed with the NAIC.

1 (g) The Commissioner may adopt by rule additional filing requirements for
2 risk retention groups. All risk retention group annual and quarterly financial
3 statements shall be filed electronically with the NAIC.

4 (h) Any pure captive insurance company, association captive insurance
5 company, sponsored captive insurance company, industrial insured captive
6 insurance company, or agency captive insurance company may make written
7 application for filing the required report on a fiscal year-end. If an alternative
8 reporting date is granted:

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

10 (2) in order to provide sufficient detail to support the premium tax
11 return, the captive insurance company shall file prior to March 15 of each year
12 for each calendar year-end, the premium schedule of the “Vermont Captive
13 Insurance Company Annual Report.”

14 (i) Subdivision 6002(c)(3) of this title shall apply to each report filed
15 pursuant to this section, except that such subdivision shall not apply to a report
16 filed by a risk retention group.

17 Sec. 3. 8 V.S.A. § 6034i is added to read:

18 § 6034i. CERTIFYING STATEMENT AFTER COMMENCEMENT OF

19 BUSINESS

20 (a) Within 30 days after commencing business, each protected cell shall file
21 with the Commissioner a statement under oath or affirmation certifying that the

1 protected cell possessed the requisite funding prior to commencing business,
2 including any required collateral in accordance with the protected cell's
3 approved plan of operation.

4 (b) The statement required by subsection (a) of this section shall be signed
5 by the following:

6 (1) for an unincorporated protected cell, the president and secretary of
7 the sponsored captive insurance company;

8 (2) for an incorporated protected cell, its president and secretary; and

9 (3) for a protected cell formed as a limited liability company or as a
10 reciprocal insurer, two individuals authorized by the governing board.

11 Sec. 4. EFFECTIVE DATE

12 This act shall take effect on July 1, 2026.