

1 H.649

2 Introduced by Representatives Graning of Jericho, Marcotte of Coventry,

3 Bosch of Clarendon, Carris Duncan of Whitingham, Duke of

4 Burlington, Micklus of Milton, Olson of Starksboro, and White

5 of Bethel

6 Referred to Committee on

7 Date:

8 Subject: Insurance; captive insurance companies; risk retention groups;

9 sponsored captive insurance companies; loans; statements

10 Statement of purpose of bill as introduced: This bill proposes to prohibit

11 certain loans and investments made by a risk retention group; restructure report

12 and statement requirements applicable to a risk retention group; and require a

13 certification statement from each protected cell within a sponsored captive

14 insurance company.

15 An act relating to captive insurance companies

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

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

18 § 6010. LEGAL INVESTMENTS

19 \* \* \*

1        (d) No risk retention group shall make a loan to or investment in its parent  
2        company or its parent company's members or affiliates. This prohibition shall  
3        not apply to any loan or investment in effect prior to January 1, 2026.

4        Sec. 2. 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, industrial insured captive  
11       insurance companies, or agency captive insurance companies, each captive  
12       insurance company shall submit to the Commissioner a report of its financial  
13       condition, verified by oath of two of its executive officers or, in the case of a  
14       captive insurance company formed as a limited liability company or as a  
15       reciprocal insurer, of two individuals authorized by the governing board.

16       (c) Each captive insurance company shall report using generally accepted  
17       accounting principles, statutory accounting principles, or international financial  
18       reporting standards unless the Commissioner requires, approves, or accepts the  
19       use of any other comprehensive basis of accounting, in each case with any  
20       appropriate or necessary modifications or adaptations thereof required or  
21       approved or accepted by the Commissioner for the type of insurance and kinds

1 of insurers to be reported upon, and as supplemented by additional information  
2 required by the Commissioner. As used in this section, “statutory accounting  
3 principles” means the accounting principles codified in the NAIC Accounting  
4 Practices and Procedures Manual. Upon application for admission, a captive  
5 insurance company shall select, with explanation, an accounting method for  
6 reporting. Any change in a captive insurance company’s accounting method  
7 shall require prior approval. ~~Except as otherwise provided, each risk retention~~  
8 ~~group shall file its report in the form required by subsection 3561(a) of this~~  
9 ~~title, and each risk retention group shall comply with the requirements set forth~~  
10 ~~in section 3569 of this title.~~

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

17 (e)(e) On or before March 1 of each year, in a form and manner prescribed  
18 by the Commissioner, each risk retention group shall file with the National  
19 Association of Insurance Commissioners (NAIC) a copy of its annual  
20 statement convention blank, the signed jurat page, the actuarial certification,  
21 and any other additional filings prescribed by the Commissioner for the

1       preceding year. Any amendments and addendums to the annual statement  
2       filing subsequently filed with the Commissioner shall also be filed with the  
3       NAIC.

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

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

19       (h) Any pure captive insurance company, association captive insurance  
20       company, sponsored captive insurance company, industrial insured captive  
21       insurance company, or agency captive insurance company may make written

1 application for filing the required report on a fiscal year-end. If an alternative  
2 reporting date is granted:

3 (1) the annual report is due 75 days after the fiscal year-end; and  
4 (2) in order to provide sufficient detail to support the premium tax  
5 return, the captive insurance company shall file prior to March 15 of each year  
6 for each calendar year-end, the premium schedule of the “Vermont Captive  
7 Insurance Company Annual Report.”

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

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

12 § 6034i. CERTIFYING STATEMENT AFTER COMMENCEMENT OF  
13 BUSINESS

14 (a) Within 30 days after commencing business, each protected cell shall file  
15 with the Commissioner a statement under oath certifying that the protected cell  
16 possessed the requisite funding prior to commencing business, including any  
17 required collateral in accordance with the protected cell’s approved plan of  
18 operation.

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

1                   (1) for an unincorporated protected cell, the president and secretary of  
2                   the sponsored captive insurance company;  
3                   (2) for an incorporated protected cell, its president and secretary; and  
4                   (3) for a protected cell formed as a limited liability company or as a  
5                   reciprocal insurer, two individuals authorized by the governing board.

6                   Sec. 4. EFFECTIVE DATE

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