1	TO	THE	HOUSE	OF REDE	RESENTATIVE	19
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2	The Committee on Commerce and Economic Development to which was
3	referred House Bill No. 137 entitled "An act relating to the regulation of
4	insurance products and services" respectfully reports that it has considered the
5	same and recommends that the bill be amended by striking out all after the
6	enacting clause and inserting in lieu thereof the following:

7 Sec. 1. 8 V.S.A. § 23 is amended to read:

investigation or examination.

- 8 § 23. CONFIDENTIALITY OF INVESTIGATION AND EXAMINATION
- 9 REPORTS

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- (a) This section shall apply to all persons licensed, authorized, or registered, or required to be licensed, authorized, or registered, under this title or under 9 V.S.A. chapter 150 by the Commissioner.
- (b) Regardless of source, all records of investigations, including information pertaining to a complaint by or for a consumer, and all records and reports of examinations by the Commissioner, whether in the possession of a supervisory agency or another person, shall be confidential and privileged, shall not be made public, and shall not be subject to discovery or introduction into evidence in any private civil action. No person who participated on behalf of the Commissioner in an investigation or examination shall be permitted or required to testify in any such civil action as to any findings, recommendations, opinions, results, or other actions relating to the

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1	(c) The Commissioner may, in his or her 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 his or her the Commissioner's discretion, disclose or
6	publish or authorize the disclosure or publication of any such record or report
7	or any part thereof, to civil or criminal law enforcement authorities for use in
8	the exercise of such authority's duties, in such manner as the Commissioner
9	may deem proper.
10	(d) For the purposes of this section, records of investigations and records
11	and reports of examinations shall include joint examinations by the
12	Commissioner and any other supervisory agency. Records of investigations
13	and reports of examinations shall also include records of examinations and
14	investigations conducted by:
15	(1) any agency with supervisory jurisdiction over the person; and
16	(2) any agency of any foreign government with supervisory jurisdiction
17	over any person subject to the jurisdiction of the Department, when such
18	records are considered confidential by such agency or foreign government and
19	the records are in the possession of the Commissioner.
20	Sec. 2. 8 V.S.A. § 3303 is amended to read:
21	§ 3303. MUTUAL COMPANIES; DIRECTORS, CHARTER PROVISIONS

Page 3 of 27

- 1 The articles of association or bylaws of a mutual insurer shall set forth the 2 manner in which its board of directors or other governing body shall be 3 elected, and in which meetings of policyholders shall be called, held, and 4 conducted, subject to such procedures as may be required by the 5 Commissioner under section 75 subsection 15(a) of this title. 6 Sec. 3. 8 V.S.A. § 4688(a) is amended to read: 7 (a) Filings as to competitive markets. Except with respect to filings 8 submitted pursuant to section 4687 of this title, in a competitive market, every 9 insurer shall file with the Commissioner all rates and supplementary rate 10 information, and supporting information that are to be used in this State, 11 provided that such rates and information need not be filed for specifically rated 12 inland marine risks or such other risks that are designated by regulation of the 13 Commissioner as not requiring a filing. Such rates, supplementary rate 14 information, and supporting information shall be provided to the 15 Commissioner not later than 15 days after 30 days prior to the effective date. 16 An insurer may adopt by reference, with or without deviation or modification, 17 provided that said deviation or modification is readily identifiable, the rates, 18 supplementary rate information, and supporting information filed by another 19 insurer or an advisory or service organization with which it is affiliated; 20 provided, however, such an adoption shall not relieve an insurer from any 21 other requirements of this chapter.
 - Sec. 4. 8 V.S.A. § 4724 is amended to read:

1	§ 4724. UNFAIR METHODS OF COMPETITION OR UNFAIR OR
2	DECEPTIVE ACTS OR PRACTICES DEFINED
3	* * *
4	(23) Affordable housing; unfair discrimination.
5	(A) An insurer that issues or delivers in this State a policy of
6	insurance covering loss of or damage to real property containing units for
7	residential purposes or legal liability of an owner or renter of such real
8	property shall not cancel, refuse to issue, refuse to renew, or increase the
9	premium of a policy, or exclude, limit, restrict, or reduce coverage under a
10	policy, based on the following:
11	(i) whether the residential building contains dwelling units that are
12	required to be affordable to residents at a specific income level pursuant to a
13	statute, regulation, restrictive declaration, or regulatory agreement with a local,
14	State, or federal government entity;
15	(ii) whether the real property owner or tenants of such residential
16	building or the shareholders of a cooperative housing corporation receive
17	rental assistance provided by a local, State, or federal government entity,
18	including the receipt of federal vouchers issued under Section 8 of the U.S.
19	Housing Act of 1937, 42 U.S.C. § 1437f;
20	(iii) the level or source of income of the tenants of the residential
21	building or the shareholders of a cooperative housing corporation; or

1	(iv) whether the residential building is owned by a limited-equity
2	cooperative, public housing agency, or cooperative housing corporation.
3	(B) Nothing in this section shall prohibit an insurer from cancelling,
4	refusing to issue, refusing to renew, or increasing the premium of an insurance
5	policy, or excluding, limiting, restricting, or reducing coverage under a policy.
6	due to other factors that are permitted or not prohibited by any other section of
7	this chapter.
8	Sec. 5. 8 V.S.A. § 6002(a) is amended to read:
9	(a) Any captive insurance company, when permitted by its articles of
10	association, charter, or other organizational document, may apply to the
11	Commissioner for a license to do any and all conduct insurance business
12	comprised in subdivisions 3301(a)(1), (2), (3)(A)-(C), (E)-(Q), and (4)-(9)
13	section 3301 of this title and may grant annuity contracts as defined in section
14	3717 of this title and may accept or transfer risk by means of a parametric
15	contract; provided, however, that:
16	(1) No pure captive insurance company may insure any risks other than
17	those of its parent and affiliated companies or controlled unaffiliated business.
18	(2) No agency captive insurance company may do any insurance
19	business in this State unless:
20	(A) an insurance agency or brokerage that owns or controls the
21	agency captive insurance company remains in regulatory good standing in all
22	states in which it is licensed;

1	(B) it insures only the risks of the commercial policies that are placed
2	by or through an insurance agency or brokerage that owns or directly or
3	indirectly controls the agency captive insurance company and, if required by
4	the Commissioner in his or her the Commissioner's discretion, it provides the
5	Commissioner the form of such commercial policies;
6	(C) it discloses to the original policyholder or policyholders, in a
7	form or manner approved by the Commissioner, that the agency captive
8	insurance company as a result of its affiliation with an insurance agency or
9	brokerage may enter into a reinsurance or other risk-sharing agreement with
10	the agency or brokerage; and
11	(D) if required by the Commissioner in his or her the
12	Commissioner's discretion, the business written by an agency captive
13	insurance company is:
14	(i) Fronted by an insurance company licensed under the laws of
15	any state.
16	(ii) Reinsured by a reinsurer authorized or approved by the State
17	of Vermont.
18	(iii) Secured by a trust fund in the United States for the benefit of
19	policyholders and claimants or funded by an irrevocable letter of credit or
20	other arrangement that is acceptable to the Commissioner. The Commissioner
21	may require the agency captive insurance company to increase the funding of
22	any security arrangement established under this subdivision. If the form of

- security is a letter of credit, the letter of credit shall be issued or confirmed by a bank approved by the Commissioner. A trust maintained pursuant to this subdivision shall be established in a form and upon terms approved by the Commissioner.
 - (3) No association captive insurance company may insure any risks other than those of its association, those of the member organizations of its association, and those of a member organization's affiliated companies.
 - (4) No industrial insured captive insurance company may insure any risks other than those of the industrial insureds that comprise the industrial insured group, those of their affiliated companies, and those of the controlled unaffiliated business of an industrial insured or its affiliated companies.
 - (5) No risk retention group may insure any risks other than those of its members and owners.
 - (6) No captive insurance company may provide personal motor vehicle or homeowner's insurance coverage or any component thereof.
 - (7) No captive insurance company may accept or cede reinsurance except as provided in section 6011 of this title.
 - (8) Any captive insurance company may provide excess workers' compensation insurance to its parent and affiliated companies, unless prohibited by the federal law or laws of the state having jurisdiction over the transaction. Any captive insurance company, unless prohibited by federal law,

1	may reinsure workers' compensation of a qualified self-insured plan of its
2	parent and affiliated companies.
3	(9) Any captive insurance company that insures risks described in
4	subdivisions 3301(a)(1) and (2) of this title shall comply with all applicable
5	State and federal laws.
6	(10) Any captive insurance company that transfers risk by means of a
7	parametric contract shall comply with all applicable State and federal laws and
8	regulations.
9	Sec. 6. 8 V.S.A. § 6004(d) is amended to read:
10	(d) Within 30 days after commencing business, each captive insurance
11	company shall file with the Commissioner a statement under oath of its
12	president and secretary or, in the case of a captive insurance company formed
13	as a limited liability company or as a reciprocal insurer, of two individuals
14	authorized by the governing board certifying that the captive insurance
15	company possessed the requisite unimpaired, paid-in capital and surplus prior
16	to commencing business.
17	Sec. 7. 8 V.S.A. § 6006 is amended to read:
18	§ 6006. FORMATION OF CAPTIVE INSURANCE COMPANIES IN THIS
19	STATE
20	* * *
21	(h) Other than captive insurance companies formed as limited liability
22	companies under 11 V.S.A. chapter 21 chapter 25 or as nonprofit corporations

- under Title 11B, captive insurance companies formed as corporations under the provisions of this chapter shall have the privileges and be subject to the provisions of Title 11A as well as the applicable provisions contained in this chapter. In the event of conflict between the provisions of said general corporation law and the provisions of this chapter, the latter shall control.
- (i) Captive insurance companies formed under the provisions of this chapter:
- (1) As limited liability companies shall have the privileges and be subject to the provisions of 11 V.S.A. chapter 21 chapter 25 as well as the applicable provisions contained in this chapter. In the event of a conflict between the provisions of 11 V.S.A. chapter 21 chapter 25 and the provisions of this chapter, the latter shall control.
- (2) As nonprofit corporations shall have the privileges and be subject to the provisions of Title 11B as well as the applicable provisions contained in this chapter. In the event of conflict between the provisions of Title 11B and the provisions of this chapter, the latter shall control.
- (3) As mutual insurers shall have the privileges and be subject to the provisions of sections 3303 and 3311 of this title as well as the applicable provisions contained in this chapter. In the event of a conflict between the provisions of sections 3303 and 3311 of this title and the provisions of this chapter, the latter shall control.

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2	Sec. 8. 8 V.S.A. § 6006a(a) is amended to read:
3	(a) Any captive insurance company meeting the qualifications set forth in
4	subdivision 6006(j)(1) of this title may merge with any other insurer, whether
5	licensed in this State or elsewhere, in the following manner:
6	(1) The board of directors of each insurer shall, by a resolution adopted
7	by a majority vote of the members of such board, approve a joint agreement of
8	merger setting forth:
9	(A) the names of the insurers proposed to merge, and the name of the
10	insurer into which they propose to merge, which is hereafter designated as the
11	surviving company;
12	(B) the terms and conditions of the proposed merger and the mode of
13	carrying the same into effect;
14	(C) the manner and basis of converting the ownership interests, if
15	applicable, in other than the surviving insurer into ownership interests or other
16	consideration, securities, or obligations of the surviving insurer;
17	(D) a restatement of such provisions of the articles of incorporation
18	of the surviving insurer as may be deemed necessary or advisable to give effect
19	to the proposed merger; and
20	(E) any other provisions with respect to the proposed merger as are
21	deemed necessary or desirable.

- (2) The resolution of the board of directors of each insurer approving the agreement shall direct that the agreement be submitted to a vote of the shareholders, members, or policyholders, as the case may be, of each insurer entitled to vote in respect thereof at a designated meeting thereof, or via unanimous written consent of such shareholders, members, or policyholders in lieu of a meeting. Notice of the meeting shall be given as provided in the bylaws, charter, or articles of association, or other governance document, as the case may be, of each insurer and shall specifically reflect the agreement as a matter to be considered at the meeting.
- (3) The agreement of merger so approved shall be submitted to a vote of the shareholders, members, or policyholders, as the case may be, of each insurer entitled to vote in respect thereof at the meeting directed by the resolution of the board of directors of such company approving the agreement, and the agreement shall be unanimously adopted by the shareholders, members, or policyholders, as the case may be.
- (4) Following the adoption of the agreement by any insurer, articles of merger shall be adopted in the following manner:
- (A) Upon the execution of the agreement of merger by all of the insurers parties thereto, there shall be executed and filed, in the manner hereafter provided, articles of merger setting forth the agreement of merger, the signatures of the several insurers parties thereto, the manner of its adoption, and the vote by which adopted by each insurer.

(B) The articles of merger shall be signed on behalf of each insurer
by a duly authorized officer or, in the case of an insurer formed as a limited
liability company or as a reciprocal insurer, by an individual authorized by the
governing board, in such multiple copies as shall be required to enable the
insurers to comply with the provisions of this subchapter with respect to filing
and recording the articles of merger, and shall then be presented to the
Commissioner.

- (C) The Commissioner shall approve the articles of merger if he or she the Commissioner finds that the merger will promote the general good of the State in conformity with those standards set forth in section 3305 of this title. If he or she the Commissioner approves the articles of merger, he or she the Commissioner shall issue a certificate of approval of merger.
- (5) The insurer shall file the articles of merger, accompanied by the agreement of merger and the certificate of approval of merger, with the Secretary of State and pay all fees as required by law. If the Secretary of State finds that they conform to law, he or she the Secretary shall issue a certificate of merger and return it to the surviving insurer or its representatives. The merger shall take effect upon the filing of articles of merger with the Secretary of State, unless a later effective date is specified therein.
- (6) The surviving insurer shall file a copy of the certificate of merger from the Secretary of State with the Commissioner.
- 22 Sec. 9. 8 V.S.A. § 6007(b) is amended to read:

(b) Prior to March 1 of each year, and prior to March 15 of each year in the
case of pure captive insurance companies, association captive insurance
companies, sponsored captive insurance companies, industrial insured captive
insurance companies, or agency captive insurance companies, each captive
insurance company shall submit to the Commissioner a report of its financial
condition, verified by oath of two of its executive officers or, in the case of a
captive insurance company formed as a limited liability company or as a
reciprocal insurer, of two individuals authorized by the governing board. Each
captive insurance company shall report using generally accepted accounting
principles, statutory accounting principles, or international financial reporting
standards unless the Commissioner requires, approves, or accepts the use of
any other comprehensive basis of accounting, in each case with any
appropriate or necessary modifications or adaptations thereof required or
approved or accepted by the Commissioner for the type of insurance and kinds
of insurers to be reported upon, and as supplemented by additional information
required by the Commissioner. As used in this section, statutory accounting
principles shall mean the accounting principles codified in the NAIC
Accounting Practices and Procedures Manual. Upon application for
admission, a captive insurance company shall select, with explanation, an
accounting method for reporting. Any change in a captive insurance
company's accounting method shall require prior approval. Except as
otherwise provided, each risk retention group shall file its report in the form

- 1 required by subsection 3561(a) of this title, and each risk retention group shall 2 comply with the requirements set forth in section 3569 of this title. The 3 Commissioner shall by rule propose the forms in which pure captive insurance 4 companies, association captive insurance companies, sponsored captive 5 insurance companies, and industrial insured captive insurance companies shall 6 report. Subdivision 6002(c)(3) of this title shall apply to each report filed 7 pursuant to this section, except that such subdivision shall not apply to reports 8 filed by risk retention groups. 9 Sec. 10. 8 V.S.A. § 6011(a) is amended to read: 10 (a) Any captive insurance company may provide reinsurance, of policies 11 approved by the Commissioner comprised in subsection 3301(a) section 3301 12 of this title, on risks of its parent, affiliated companies, and controlled 13 unaffiliated business ceded by any other insurer, and may provide reinsurance 14 of annuity contracts as defined in section 3717 of this title that are granted by
- 16 Sec. 11. 8 V.S.A. § 6024(c) is amended to read:

any other insurer.

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- 17 (c) A dormant captive insurance company that has been issued a certificate of dormancy shall:
 - (1) possess and thereafter maintain unimpaired, paid-in capital and surplus of not less than \$25,000.00; provided, however, that if the dormant captive insurance company had never capitalized, it shall not be required to add capital upon entering dormancy;

- (2) prior to March 15 of each year, submit to the Commissioner a report of its financial condition, verified by oath of two of its executive officers or, in the case of a captive insurance company formed as a limited liability company or as a reciprocal insurer, of two individuals authorized by its governing board, in a form as may be prescribed by the Commissioner; and
- 6 (3) pay a license renewal fee of \$500.00.
- 7 Sec. 12. 8 V.S.A. § 6045 is amended to read:
 - § 6045. BRANCH CAPTIVE REPORTS
 - Prior to March 15 of each year, or with the approval of the Commissioner within 75 days after its fiscal year-end, a branch captive insurance company shall file with the Commissioner a copy of all reports and statements required to be filed under the laws of the jurisdiction in which the alien captive insurance company is formed, verified by oath of two of its executive officers or, in the case of a branch captive insurance company formed as a limited liability company or as a reciprocal insurer, of two individuals authorized by the governing board. If the Commissioner is satisfied that the annual report filed by the alien captive insurance company in its domiciliary jurisdiction provides adequate information concerning the financial condition of the alien captive insurance company, the Commissioner may waive the requirement for completion of the captive annual statement for business written in the alien jurisdiction.
 - Sec. 13. 8 V.S.A. § 6048d(c)(2) is amended to read:

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group.

- (2) The special purpose financial insurance company shall submit an affidavit of its president, a vice president, the treasurer, or the chief financial officer or, in the case of a special purpose financial insurance company formed as a limited liability company or as a reciprocal insurer, of an individual authorized by the governing board that includes the following statements, to the best of such person's knowledge and belief after reasonable inquiry: (A) the proposed organization and operation of the special purpose financial insurance company comply with all applicable provisions of this chapter; (B) the special purpose financial insurance company's investment policy reflects and takes into account the liquidity of assets and the reasonable preservation, administration, and management of such assets with respect to the risks associated with the reinsurance contract and the insurance securitization transaction; and (C) the reinsurance contract and any arrangement for securing the special purpose financial insurance company's obligations under such reinsurance contract, including any agreements or other documentation to implement such arrangement, comply with the provisions of this subchapter. Sec. 14. 8 V.S.A. § 6052(g) is amended to read: (g) This subsection establishes governance standards for a risk retention
 - (1) As used in this subsection:

- (A) "Board of directors" or "board" means the governing body of a risk retention group elected by risk retention group members to establish policy, elect or appoint officers and committees, and make other governing decisions.
- (B) "Director" means a natural person designated in the articles of the risk retention group or designated, elected, or appointed by any other manner, name, or title to act as a member of the governing body of the risk retention group.
- (C)(i) "Independent director" means a director who does not have a material relationship with the risk retention group. A director has a material relationship with a risk retention group if he or she the director, or a member of his or her the director's immediate family:
- (D(<u>i</u>)) In any 12-month period, receives from the risk retention group, or from a consultant or service provider to the risk retention group, compensation or other item or items of value in an amount equal to or greater than five percent of the risk retention group's gross written premium or two percent of the risk retention group's surplus, as measured at the end of any fiscal quarter falling in such 12-month period, whichever is greater. This provision also applies to compensation or items of value received by any business with which the director is affiliated. Such material relationship shall continue for one year after receipt of the item or items of value or the compensation falls below the threshold established in this subdivision.

1	(II)(ii) Has a relationship with an auditor as follows: Is affiliated
2	with or employed in a professional capacity by a current or former internal or
3	external auditor of the risk retention group. Such material relationship shall
4	continue for one year after the affiliation or employment ends.
5	(aa)(iii) Is employed as an executive officer of another business
6	entity that is affiliated with the risk retention group by virtue of common
7	ownership and control, if such entity meets all of the following criteria:
8	(AA)(I) the entity is not an insured of the risk retention group;
9	(BB)(II) the entity has a contractual relationship with the risk
10	retention group; and
11	(CC)(III) the governing board of the entity includes executive
12	officers of the risk retention group, unless a majority of the membership of
13	such entity's governing board is composed of individuals who are members of
14	the governing board of the risk retention group.
15	(bb)(IV) Such material relationship shall continue until the
16	employment or service ends.
17	(ii)(iv) Notwithstanding subdivision (i) subdivisions (i)-(iii) of
18	this subdivision (g)(1)(C), a director who is a direct or indirect owner of the
19	risk retention group is deemed to be independent; and an officer, director, or
20	employee of an insured of the risk retention group is deemed to be
21	independent, unless some other relationship of such officer, director, or
22	employee qualifies as a material relationship.

(D) "Material service provider" includes a captive manager, auditor,
accountant, actuary, investment advisor, attorney, managing general
underwriter, or other person responsible for underwriting, determination of
rates, premium collection, claims adjustment or settlement, or preparation of
financial statements, whose aggregate annual contract fees are equal to or
greater than five percent of the risk retention group's annual gross written
premium or two percent of its surplus, whichever is greater. It does not mean
defense counsel retained by a risk retention group, unless his or her the defense
counsel's annual fees have been equal to or greater than five percent of a risk
retention group's annual gross premium or two percent of its surplus,
whichever is greater, during three or more of the previous five years.
* * *
(9) The president or chief executive officer or, in the case of a risk
retention group formed as a limited liability company or as a reciprocal insurer.
an individual authorized by the board of directors of a risk retention group
shall promptly notify the Commissioner in writing of any known material
noncompliance with the governance standards established in this subsection.
Sec. 15. 8 V.S.A. § 2504 is amended to read:
§ 2504. EXEMPTIONS
This chapter does not apply to:

* * *

1	(18) A person that performs payroll calculations, prepares payroll
2	instructions, prepares and files State or federal income withholding tax reports
3	and unemployment insurance compensation reports, or provides other payroll-
4	related services, but that does not engage in the business of payroll processing
5	services or otherwise engage in the business of money transmission in this
6	State or other acts requiring a license under this chapter.
7	(19) A person that does not provide payroll processing services to any
8	employer that has its principal place of business in this State and that does not
9	otherwise engage in the business of money transmission in this State or other
10	acts requiring a license under this chapter.
11	(20) A person that:
12	(A) provides payroll processing services to 25 or fewer employers
13	that have their principal place of business in this State;
14	(B) provides payroll processing services to 500 or fewer employers,
15	regardless of where the principal place of business of each employer is located;
16	(C) provides payroll processing services involving transmission to
17	less than 300 Vermont resident employees, regardless of where the principal
18	place of business of their employer is located;
19	(D) has not been convicted of, or pled guilty or nolo contendere to, a
20	felony in a domestic, foreign, or military court, and no key individual or person
21	in control of such person has been convicted of, or pled guilty or nolo
22	contendere to, a felony in a domestic, foreign, or military court;

1	(E) has never had a financial services license or professional license		
2	revoked in any jurisdiction and no key individual or person in control of such		
3	person has ever had a financial services license or professional license revoked		
4	in any jurisdiction, except that a subsequent formal vacation of such revocation		
5	shall not be deemed a revocation;		
6	(F) does not otherwise engage in the business of money transmission		
7	in this State or other acts requiring a license under this chapter; and		
8	(G) receives and holds all money or monetary value received for		
9	transmission exclusively in:		
10	(i) segregated trust accounts with federally insured financial		
11	institutions or credit unions for the benefit of its employer customers or		
12	applicable governmental authorities, such that the funds in such accounts are		
13	not subject to claims or liens of its creditors; or		
14	(ii) deposit accounts at federally insured financial institutions or		
15	credit unions that are both titled in the name and tax identification number of		
16	the financial institution or credit union and for the benefit of the person's		
17	customers.		
18	Sec. 16. 9 V.S.A. § 42 is amended to read:		
19	§ 42. PERMITTED CHARGES		
20	(a) Except for interest as provided in this chapter, a lender shall make no		
21	charges against a borrower for the use or forbearance of money other than:		
22	* * *		

1	(7) the reasonable cost of private mortgage guaranty insurance subject to
2	such limitation as the Commissioner of Financial Regulation has approved;
3	and
4	(8) the reasonable fees associated with a credit card, agreed upon by the
5	lender and borrower, including late charges and over-limit charges; and
6	(9) discount points, at the request of the borrower for the purpose of
7	reducing, and which in fact result in a bona fide reduction of, the interest rate
8	or time-price differential applicable to the loan.
9	(b) A borrower may procure an opinion and abstract of title from an
10	attorney of his or her the borrower's choice acceptable to the lender, or hazard
11	insurance in a company or in companies of his or her the borrower's choice
12	acceptable to the lender, and in such cases the lender's acceptance shall not be
13	unreasonably withheld.
14	Sec. 17. STUDY; BANKS; SUSPICIOUS ACTIVITY; TRANSACTION
15	HOLD
16	(a) The Commissioner of Financial Regulation or designee shall study
17	regulatory models that would allow a financial institution to take measures to
18	protect account holders from fraudulent transactions and shall recommend a

1	model for legislative consideration. The study shall include a review of		
2	regulatory models enacted or proposed in other jurisdictions.		
3	(b) In conducting the study required by this section, the Commissioner		
4	shall consult with a representative from the Vermont Bankers Association, the		
5	Association of Vermont Credit Unions, AARP Vermont, the Office of the		
6	Attorney General, Vermont Legal Aid, and any other person deemed		
7	appropriate by the Commissioner.		
8	(c) Among other things, the study shall include recommendations regarding		
9	the following:		
10	(1) the financial institutions subject to the proposed model;		
11	(2) whether specific account holders, such as seniors or vulnerable		
12	populations, should receive heightened protection;		
13	(3) notification and consultation requirements available to an account		
14	holder suspected to be the victim of fraudulent activity;		
15	(4) a reasonable time period for imposing a transaction hold pending the		
16	outcome of an internal investigation;		
17	(5) notification to the Department of Financial Regulation and, if		
18	appropriate, law enforcement or other third parties if fraudulent activity is		
19	suspected;		
20	(6) continued account holder access to funds for transactions not		
21	suspected of being associated with fraudulent activity;		

1	(7) immunity from civil liability for any financial institution that acts in
2	good faith for the purpose of protecting account holders from fraudulent
3	activity and that otherwise complies with applicable legal requirements; and
4	(8) any other provision deemed appropriate by the Commissioner.
5	(d) On or before November 15, 2025, the Commissioner shall report the
6	Commissioner's findings and recommendations in draft form to the House
7	Committee on Commerce and Economic Development and the Senate
8	Committee on Finance.
9	Sec. 18. STUDY; PROTECTIONS FOR VICTIMS OF COERCED DEBT
10	(a) The Commissioner of Financial Regulation or designee shall study
11	regulatory models for providing protections and remedies for victims of
12	coerced debt and shall recommend a model appropriate for Vermont. In
13	particular, the Commissioner shall review the Model State Coerced Debt Law
14	prepared by the National Consumer Law Center in May of 2024, as well as
15	laws enacted or proposed in other jurisdictions.
16	(b) In conducting the study required by this section, the Commissioner
17	shall consult with a representative from the Vermont Network, the Vermont
18	Bankers Association, the Association of Vermont Credit Unions, the Office of

1	the Attorney General, Vermont Legal Aid, and any other person deemed
2	appropriate by the Commissioner.
3	(c) Among other things, the study shall include recommendations regarding
4	the following:
5	(1) a definition of coerced debt;
6	(2) whether coerced debt should include both secured and unsecured
7	debt;
8	(3) the requisite information a debtor must provide a creditor when
9	alleging coerced debt;
10	(4) procedures a creditor must follow regarding the investigation of an
11	allegation of coerced debt, including ceasing collection efforts and notifying
12	the Department of Financial Regulation, the Office of the Attorney General,
13	and other law enforcement personnel, if appropriate;
14	(5) whether a credit reporting agency should remove coerced debt from
15	a credit report and, if so, the process for doing so;
16	(6) whether Vermont's identity theft law, 13 V.S.A. § 2030, should be
17	expanded to more specifically reference instances of coerced debt; and
18	(7) any other provision deemed appropriate by the Commissioner.
19	(d) On or before November 15, 2025, the Commissioner shall report the
20	Commissioner's findings and recommendations in draft form to the House

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1	Committee on Commerce and Economic Development and the Senate
2	Committee on Finance.
3	Sec. 19. RECOMMENDATION REGARDING INSURANCE AND
4	GENETIC PRIVACY
5	On or before November 15, 2025, and for the purpose of preventing genetic
6	discrimination and safeguarding an individual's genetic privacy, the
7	Commissioner of Financial Regulation shall provide a recommendation to the
8	House Committee on Commerce and Economic Development and the Senate
9	Committee on Finance on whether Vermont should enact a law prohibiting or
10	limiting an insurance company's access to a consumer's personalized genetic
11	report that is not part of the consumer's medical record. Among other things,
12	the Commissioner shall consider whether it is appropriate to allow a consumer
13	to consent to the disclosure of genetic information obtained from a direct-to-
14	consumer entity to an insurance company, including any company that offers
15	health, long-term care, life, or disability insurance.
16	Sec. 20. EFFECTIVE DATE
17	This act shall take effect on July 1, 2025.
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2		
3	(Committee vote:)	
4		
5		Representative
6		FOR THE COMMITTEE