

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Commerce and Economic Development to which was  
3 referred House Bill No. 649 entitled “An act relating to captive insurance  
4 companies” respectfully reports that it has considered the same and  
5 recommends that the bill be amended by striking out all after the enacting  
6 clause and inserting in lieu thereof the following:

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

8 § 6010. LEGAL INVESTMENTS

9 \* \* \*

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

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

14 § 6007. REPORTS AND STATEMENTS

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

17 (b) Prior to March 1 of each year, and prior to March 15 of each year in the  
18 case of pure captive insurance companies, association captive insurance  
19 companies, sponsored captive insurance companies, industrial insured captive  
20 insurance companies, or agency captive insurance companies, each captive  
21 insurance company shall submit to the Commissioner a report of its financial

1 condition, verified by oath of two of its executive officers or, in the case of a  
2 captive insurance company formed as a limited liability company or as a  
3 reciprocal insurer, of two individuals authorized by the governing board.

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

20 (d) The Commissioner shall by rule propose the forms in which pure  
21 captive insurance companies, association captive insurance companies,

1 sponsored captive insurance companies, and industrial insured captive  
2 insurance companies shall report. ~~Subdivision 6002(e)(3) of this title shall~~  
3 ~~apply to each report filed pursuant to this section, except that such subdivision~~  
4 ~~shall not apply to reports filed by risk retention groups.~~

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

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

1 day preceding such date. Information filed with the NAIC shall include a jurat  
2 page. A copy of any amendments and addendums to a quarterly statement  
3 subsequently filed with the Commissioner shall also be filed with the NAIC.

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

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

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

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

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

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

21 § 6034i. CERTIFYING STATEMENT AFTER COMMENCEMENT OF

1                    BUSINESS

2            (a) Within 30 days after commencing business, each protected cell shall file  
3            with the Commissioner a statement under oath or affirmation certifying that the  
4            protected cell possessed the requisite funding prior to commencing business,  
5            including any required collateral in accordance with the protected cell's  
6            approved plan of operation.

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

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

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

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

14            Sec. 4. EFFECTIVE DATE

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

1 (Committee vote: \_\_\_\_\_)

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\_\_\_\_\_

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Representative \_\_\_\_\_

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FOR THE COMMITTEE