

1 TO THE HOUSE OF REPRESENTATIVES:

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:

8 § 23. CONFIDENTIALITY OF INVESTIGATION AND EXAMINATION  
9 REPORTS

10 (a) This section shall apply to all persons licensed, authorized, or  
11 registered, or required to be licensed, authorized, or registered, ~~under this title~~  
12 ~~or under 9 V.S.A. chapter 150~~ by the Commissioner.

13 (b) Regardless of source, all records of investigations, including  
14 information pertaining to a complaint by or for a consumer, and all records and  
15 reports of examinations by the Commissioner, whether in the possession of a  
16 supervisory agency or another person, shall be confidential and privileged,  
17 shall not be made public, and shall not be subject to discovery or introduction  
18 into evidence in any private civil action. No person who participated on behalf  
19 of the Commissioner in an investigation or examination shall be permitted or  
20 required to testify in any such civil action as to any findings,  
21 recommendations, opinions, results, or other actions relating to the  
22 investigation or examination.

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

22 AS TO

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.

22      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

1 security is a letter of credit, the letter of credit shall be issued or confirmed by a  
2 bank approved by the Commissioner. A trust maintained pursuant to this  
3 subdivision shall be established in a form and upon terms approved by the  
4 Commissioner.

5 (3) No association captive insurance company may insure any risks  
6 other than those of its association, those of the member organizations of its  
7 association, and those of a member organization’s affiliated companies.

8 (4) No industrial insured captive insurance company may insure any  
9 risks other than those of the industrial insureds that comprise the industrial  
10 insured group, those of their affiliated companies, and those of the controlled  
11 unaffiliated business of an industrial insured or its affiliated companies.

12 (5) No risk retention group may insure any risks other than those of its  
13 members and owners.

14 (6) No captive insurance company may provide personal motor vehicle  
15 or homeowner’s insurance coverage or any component thereof.

16 (7) No captive insurance company may accept or cede reinsurance  
17 except as provided in section 6011 of this title.

18 (8) Any captive insurance company may provide excess workers’  
19 compensation insurance to its parent and affiliated companies, unless  
20 prohibited by the federal law or laws of the state having jurisdiction over the  
21 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



1 under Title 11B, captive insurance companies formed as corporations under the  
2 provisions of this chapter shall have the privileges and be subject to the  
3 provisions of Title 11A as well as the applicable provisions contained in this  
4 chapter. In the event of conflict between the provisions of said general  
5 corporation law and the provisions of this chapter, the latter shall control.

6 (i) Captive insurance companies formed under the provisions of this  
7 chapter:

8 (1) As limited liability companies shall have the privileges and be  
9 subject to the provisions of 11 V.S.A. ~~chapter 21~~ chapter 25 as well as the  
10 applicable provisions contained in this chapter. In the event of a conflict  
11 between the provisions of 11 V.S.A. ~~chapter 21~~ chapter 25 and the provisions  
12 of this chapter, the latter shall control.

13 (2) As nonprofit corporations shall have the privileges and be subject to  
14 the provisions of Title 11B as well as the applicable provisions contained in  
15 this chapter. In the event of conflict between the provisions of Title 11B and  
16 the provisions of this chapter, the latter shall control.

17 (3) As mutual insurers shall have the privileges and be subject to the  
18 provisions of sections 3303 and 3311 of this title as well as the applicable  
19 provisions contained in this chapter. In the event of a conflict between the  
20 provisions of sections 3303 and 3311 of this title and the provisions of this  
21 chapter, the latter shall control.

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Sec. 8. 8 V.S.A. § 6006a(a) is amended to read:

(a) Any captive insurance company meeting the qualifications set forth in subdivision 6006(j)(1) of this title may merge with any other insurer, whether licensed in this State or elsewhere, in the following manner:

(1) The board of directors of each insurer shall, by a resolution adopted by a majority vote of the members of such board, approve a joint agreement of merger setting forth:

(A) the names of the insurers proposed to merge, and the name of the insurer into which they propose to merge, which is hereafter designated as the surviving company;

(B) the terms and conditions of the proposed merger and the mode of carrying the same into effect;

(C) the manner and basis of converting the ownership interests, if applicable, in other than the surviving insurer into ownership interests or other consideration, securities, or obligations of the surviving insurer;

(D) a restatement of such provisions of the articles of incorporation of the surviving insurer as may be deemed necessary or advisable to give effect to the proposed merger; and

(E) any other provisions with respect to the proposed merger as are deemed necessary or desirable.

1           (2) The resolution of the board of directors of each insurer approving the  
2 agreement shall direct that the agreement be submitted to a vote of the  
3 shareholders, members, or policyholders, as the case may be, of each insurer  
4 entitled to vote in respect thereof at a designated meeting thereof, or via  
5 unanimous written consent of such shareholders, members, or policyholders in  
6 lieu of a meeting. Notice of the meeting shall be given as provided in the  
7 bylaws, charter, or articles of association, or other governance document, as  
8 the case may be, of each insurer and shall specifically reflect the agreement as  
9 a matter to be considered at the meeting.

10           (3) The agreement of merger so approved shall be submitted to a vote of  
11 the shareholders, members, or policyholders, as the case may be, of each  
12 insurer entitled to vote in respect thereof at the meeting directed by the  
13 resolution of the board of directors of such company approving the agreement,  
14 and the agreement shall be unanimously adopted by the shareholders,  
15 members, or policyholders, as the case may be.

16           (4) Following the adoption of the agreement by any insurer, articles of  
17 merger shall be adopted in the following manner:

18           (A) Upon the execution of the agreement of merger by all of the  
19 insurers parties thereto, there shall be executed and filed, in the manner  
20 hereafter provided, articles of merger setting forth the agreement of merger, the  
21 signatures of the several insurers parties thereto, the manner of its adoption,  
22 and the vote by which adopted by each insurer.

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

8           (C) The Commissioner shall approve the articles of merger if ~~he or~~  
9           ~~she~~ the Commissioner finds that the merger will promote the general good of  
10          the State in conformity with those standards set forth in section 3305 of this  
11          title. If ~~he or she~~ the Commissioner approves the articles of merger, ~~he or she~~  
12          the Commissioner shall issue a certificate of approval of merger.

13          (5) The insurer shall file the articles of merger, accompanied by the  
14          agreement of merger and the certificate of approval of merger, with the  
15          Secretary of State and pay all fees as required by law. If the Secretary of State  
16          finds that they conform to law, ~~he or she~~ the Secretary shall issue a certificate  
17          of merger and return it to the surviving insurer or its representatives. The  
18          merger shall take effect upon the filing of articles of merger with the Secretary  
19          of State, unless a later effective date is specified therein.

20          (6) The surviving insurer shall file a copy of the certificate of merger  
21          from the Secretary of State with the Commissioner.

22          Sec. 9. 8 V.S.A. § 6007(b) is amended to read:

1 (b) Prior to March 1 of each year, and prior to March 15 of each year in the  
2 case of pure captive insurance companies, association captive insurance  
3 companies, sponsored captive insurance companies, industrial insured captive  
4 insurance companies, or agency captive insurance companies, each captive  
5 insurance company shall submit to the Commissioner a report of its financial  
6 condition, verified by oath of two of its executive officers or, in the case of a  
7 captive insurance company formed as a limited liability company or as a  
8 reciprocal insurer, of two individuals authorized by the governing board. Each  
9 captive insurance company shall report using generally accepted accounting  
10 principles, statutory accounting principles, or international financial reporting  
11 standards unless the Commissioner requires, approves, or accepts the use of  
12 any other comprehensive basis of accounting, in each case with any  
13 appropriate or necessary modifications or adaptations thereof required or  
14 approved or accepted by the Commissioner for the type of insurance and kinds  
15 of insurers to be reported upon, and as supplemented by additional information  
16 required by the Commissioner. As used in this section, statutory accounting  
17 principles shall mean the accounting principles codified in the NAIC  
18 Accounting Practices and Procedures Manual. Upon application for  
19 admission, a captive insurance company shall select, with explanation, an  
20 accounting method for reporting. Any change in a captive insurance  
21 company's accounting method shall require prior approval. Except as  
22 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  
15 any other insurer.

16 Sec. 11. 8 V.S.A. § 6024(c) is amended to read:

17 (c) A dormant captive insurance company that has been issued a certificate  
18 of dormancy shall:

19 (1) possess and thereafter maintain unimpaired, paid-in capital and  
20 surplus of not less than \$25,000.00; provided, however, that if the dormant  
21 captive insurance company had never capitalized, it shall not be required to  
22 add capital upon entering dormancy;

1           (2) prior to March 15 of each year, submit to the Commissioner a report  
2 of its financial condition, verified by oath of two of its executive officers or, in  
3 the case of a captive insurance company formed as a limited liability company  
4 or as a reciprocal insurer, of two individuals authorized by its governing board,  
5 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:

8       § 6045. BRANCH CAPTIVE REPORTS

9           Prior to March 15 of each year, or with the approval of the Commissioner  
10 within 75 days after its fiscal year-end, a branch captive insurance company  
11 shall file with the Commissioner a copy of all reports and statements required  
12 to be filed under the laws of the jurisdiction in which the alien captive  
13 insurance company is formed, verified by oath of two of its executive officers  
14 or, in the case of a branch captive insurance company formed as a limited  
15 liability company or as a reciprocal insurer, of two individuals authorized by  
16 the governing board. If the Commissioner is satisfied that the annual report  
17 filed by the alien captive insurance company in its domiciliary jurisdiction  
18 provides adequate information concerning the financial condition of the alien  
19 captive insurance company, the Commissioner may waive the requirement for  
20 completion of the captive annual statement for business written in the alien  
21 jurisdiction.

22       Sec. 13. 8 V.S.A. § 6048d(c)(2) is amended to read:

1           (2) The special purpose financial insurance company shall submit an  
2 affidavit of its president, a vice president, the treasurer, or the chief financial  
3 officer or, in the case of a special purpose financial insurance company formed  
4 as a limited liability company or as a reciprocal insurer, of an individual  
5 authorized by the governing board that includes the following statements, to  
6 the best of such person’s knowledge and belief after reasonable inquiry:

7           (A) the proposed organization and operation of the special purpose  
8 financial insurance company comply with all applicable provisions of this  
9 chapter;

10           (B) the special purpose financial insurance company’s investment  
11 policy reflects and takes into account the liquidity of assets and the reasonable  
12 preservation, administration, and management of such assets with respect to  
13 the risks associated with the reinsurance contract and the insurance  
14 securitization transaction; and

15           (C) the reinsurance contract and any arrangement for securing the  
16 special purpose financial insurance company’s obligations under such  
17 reinsurance contract, including any agreements or other documentation to  
18 implement such arrangement, comply with the provisions of this subchapter.

19 Sec. 14. 8 V.S.A. § 6052(g) is amended to read:

20           (g) This subsection establishes governance standards for a risk retention  
21 group.

22           (1) As used in this subsection:



1           (A) “Board of directors” or “board” means the governing body of a  
2 risk retention group elected by risk retention group members to establish  
3 policy, elect or appoint officers and committees, and make other governing  
4 decisions.

5           (B) “Director” means a natural person designated in the articles of  
6 the risk retention group or designated, elected, or appointed by any other  
7 manner, name, or title to act as a member of the governing body of the risk  
8 retention group.

9           (C)~~(i)~~ “Independent director” means a director who does not have a  
10 material relationship with the risk retention group. A director has a material  
11 relationship with a risk retention group if ~~he or she~~ the director, or a member of  
12 ~~his or her~~ the director’s immediate family:

13           ~~(i)~~(i) In any 12-month period, receives from the risk retention  
14 group, or from a consultant or service provider to the risk retention group,  
15 compensation or other item or items of value in an amount equal to or greater  
16 than five percent of the risk retention group’s gross written premium or two  
17 percent of the risk retention group’s surplus, as measured at the end of any  
18 fiscal quarter falling in such 12-month period, whichever is greater. This  
19 provision also applies to compensation or items of value received by any  
20 business with which the director is affiliated. Such material relationship shall  
21 continue for one year after receipt of the item or items of value or the  
22 compensation falls below the threshold established in this subdivision.

1           ~~(H)~~(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.



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 provide a  
6           status report on the Commissioner’s preliminary findings and  
7           recommendations to the Chair of the House Committee on Commerce and  
8           Economic Development and the Chair of the Senate Committee on Finance  
9           and, on or before January 15, 2026, shall submit a final report in draft form to  
10           the House Committee on Commerce and Economic Development and the  
11           Senate Committee on Finance.

12       Sec. 18. STUDY; PROTECTIONS FOR VICTIMS OF COERCED DEBT

13           (a) The Commissioner of Financial Regulation or designee shall study  
14           regulatory models for providing protections and remedies for victims of  
15           coerced debt and shall recommend a model appropriate for Vermont. In  
16           particular, the Commissioner shall review the Model State Coerced Debt Law  
17           prepared by the National Consumer Law Center in May of 2024, as well as  
18           laws enacted or proposed in other jurisdictions.

19           (b) In conducting the study required by this section, the Commissioner  
20           shall consult with a representative from the Vermont Network, the Vermont  
21           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 January 15, 2026, the Commissioner shall report the  
20 Commissioner’s findings and recommendations in draft form to the House

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 unfair  
6 genetic 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 to require that an insurance company  
13 obtain consumer consent prior to the disclosure of genetic information  
14 obtained from a direct-to-consumer entity to an insurance company, including  
15 any company that offers health, long-term care, life, or disability insurance.

Sec. 20. 8 V.S.A. § 4062b is amended to read:

16 § 4062b. MEDICARE SUPPLEMENTAL HEALTH SUPPLEMENT

17 INSURANCE RATE REVIEW

18 (a) Within five business days after receiving any request to increase the  
19 premium rate for a Medicare supplement insurance policy from the health  
20 insurance company, hospital or medical service organization, or health

1 maintenance organization issuing the policy, the Department shall post  
2 information about the rate filing on the Department’s website, including:

3 (1) the name of the health insurance company, hospital or medical  
4 service organization, or health maintenance organization requesting the rate  
5 increase;

6 (2) the overall composite average rate increase requested;

7 (3) the increase requested by plan type;

8 (4) the date on which the proposed increase would take effect;

9 (5) the System for Electronic Rate and Form Filing (SERFF) tracking  
10 number associated with the filing and a web address for accessing the filing  
11 electronically; and

12 (6) instructions for submitting public comments and the deadline for  
13 doing so.

14 (b) Within five ~~business~~ days ~~of~~ after receiving a request for approval of  
15 any composite average rate increase in excess of ~~three~~ 10 percent, or any other  
16 coverage changes ~~which~~ that the Commissioner determines will have a  
17 comparable impact on cost or availability of coverage for a Medicare  
18 ~~supplemental~~ supplement insurance policy issued by any ~~group or nongroup~~  
19 health insurance company, hospital or medical service organization, or health  
20 maintenance organization, with 5,000 or more total lives in the Vermont  
21 Medicare supplement insurance market, the Commissioner shall notify the  
22 Department of Disabilities, Aging, and Independent Living and the Office of

1 the Health Care Advocate of the proposed premium increase. A composite  
2 average rate is the enrollment-weighted average rate increase of all plans  
3 offered by a carrier.

4 ~~(b)~~(c) Within five business days after receiving notification pursuant to  
5 subsection ~~(a)~~(b) of this section, the Department of Disabilities, Aging, and  
6 Independent Living shall inform the members of the Advisory Board  
7 established pursuant to 33 V.S.A. § 505 of the proposed premium increase.

8 ~~(e)~~(d)(1) The Commissioner shall not approve any request to increase  
9 Medicare ~~supplemental~~ supplement insurance premium rates unless the amount  
10 of the rate increase complies with the statutory standards for approval under  
11 sections 4062, 4513, 4584, and 5104 of this title. Any approved rate increase  
12 shall not be based on an unreasonable change in loss ratio from the previous  
13 year, unless the Commissioner makes written findings that such change is  
14 necessary to prevent a substantial adverse impact on the financial condition of  
15 the insurer. In acting on such rate increase requests, the Commissioner may  
16 deny the request, approve the rate increase as requested, or approve a rate  
17 increase in an amount different from the increase requested. A decision by the  
18 Commissioner other than an approval of the rate requested may be appealed by  
19 the insurer, provided that the burden of proof shall be on the insurer to show  
20 that the approved rate does not meet the statutory standards established under  
21 this subsection.

1           (2) Before acting on the rate increase requested, the Commissioner may  
2           make such examination or investigation as ~~he or she~~ the Commissioner deems  
3           necessary, ~~including where applicable the review process set forth in~~  
4           ~~subdivision (3) of this subsection.~~

5           (3) ~~In reviewing any Medicare supplement rate increase for which an~~  
6           ~~independent analysis has been performed pursuant to 33 V.S.A. § 6706 and~~  
7           ~~wherein the carrier's requested composite average increase, the independent~~  
8           ~~expert's recommended composite average rate increase, or the Department~~  
9           ~~actuary's recommended composite average rate increase differ by two~~  
10          ~~percentage points or more, the Commissioner shall hold a public hearing where~~  
11          ~~the insurer, the Department's actuary, the independent expert, any intervenor,~~  
12          ~~and the public will have the opportunity to present written and oral testimony~~  
13          ~~and will be available to answer questions of the Commissioner and those~~  
14          ~~present. The hearing shall be noticed and held at a time and place so as to~~  
15          ~~facilitate public participation, and shall be recorded and become part of the~~  
16          ~~record before the Commissioner. In the Commissioner's discretion, the~~  
17          ~~hearing may be conducted through interactive. If the carrier's requested~~  
18          ~~composite average increase, the independent expert's recommended composite~~  
19          ~~average increase, or the Department actuary's recommended composite~~  
20          ~~average increase differs by less than two percentage points, the Department~~  
21          ~~and the parties shall confer by conference call, or by any other available media,~~

1 ~~to review the rate requests and recommendations. However, a public hearing~~  
2 ~~may be held at the Commissioner's discretion for good cause shown.~~

3 (A) For any filing by a health insurance company, hospital or medical  
4 service organization, or health maintenance organization with 5,000 or more  
5 total lives in the Vermont Medicare supplement insurance market in which the  
6 requested composite average rate increase exceeds 10 percent, the  
7 Commissioner shall:

8 (i) solicit public comment; and

9 (ii) hold a public hearing in accordance with the Department of  
10 Financial Regulation's applicable rules regarding administrative procedures if,  
11 not later than 30 days after the rate filing information is posted on the  
12 Department's website pursuant to subsection (a) of this section, a hearing is  
13 requested by the Department of Disabilities, Aging, and Independent Living;  
14 by the Office of the Health Care Advocate; or by not fewer than 25  
15 policyholders whose premium rates would be affected by the requested rate  
16 increase.

17 (B) For any filing that does not meet the criteria specified in  
18 subdivision (A) of this subdivision (3), a public hearing may be held in the  
19 Commissioner's discretion.

20 (C) In the Commissioner's discretion, a hearing held pursuant to this  
21 subdivision (3) may be conducted through a designated electronic meeting  
22 platform.

1           (4) ~~In any review held in accordance with this subsection, the~~  
2           ~~Commissioner shall permit intervention by any person that the Commissioner~~  
3           ~~determines will materially advance the interests of the insured individuals.~~  
4           ~~The intervenor shall have access to, and may use the information of the~~  
5           ~~independent expert appointed under 33 V.S.A. § 6706. The reasonable and~~  
6           ~~necessary cost of intervention as determined by the Commissioner shall be~~  
7           ~~paid by the affected policyholders or certificate holders. The maximum~~  
8           ~~payment shall be \$2,500.00 except when waived by the Commissioner for~~  
9           ~~good cause shown. The \$2,500.00 maximum amount may be adjusted to~~  
10           ~~reflect, at the Commissioner’s discretion, appropriate inflation factors. In any~~  
11           ~~review held in accordance with this section, the Commissioner shall permit~~  
12           ~~intervention by any person whom the Commissioner determines will materially~~  
13           ~~advance the interests of the individuals insured under the policy.~~

14           (5) Nonproprietary, relevant information in any Medicare supplement  
15           rate filing, including any analysis by the Department’s actuary ~~and the~~  
16           ~~independent expert~~, shall be made available to the public upon request.

17           (d) For a Medicare supplement insurance policy with an effective date of  
18           January 1, the insurer shall file its premium rate request pursuant to this section  
19           not later than July 1 of the preceding year. For a Medicare supplement  
20           insurance policy with an effective date other than January 1, the insurer shall  
21           file its rate request pursuant to this section not later than six months prior to the  
22           effective date of the policy.

1       Sec. 21. REPEAL

2             33 V.S.A. § 6706 (Medicare supplement insurance; independent analysis) is  
3       repealed.

4       Sec. 22. 8 V.S.A. § 2577(f) is amended to read:

5             (f) Moratorium. To protect the public safety and welfare and safeguard the  
6       rights of consumers, virtual-currency kiosks shall not be permitted to operate  
7       in Vermont prior to July 1, ~~2025~~ 2026. This moratorium shall not apply to a  
8       virtual-currency kiosk that was operational in Vermont on or before June 30,  
9       2024.

10       Sec. 23. EFFECTIVE DATES

11             This act shall take effect on July 1, 2025, except that Secs. 20 and 21  
12       (Medicare supplement insurance) shall take effect on January 1, 2026.

13

14

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16             (Committee vote: \_\_\_\_\_)

17

\_\_\_\_\_

18

Representative \_\_\_\_\_

19

FOR THE COMMITTEE