

## Final Proposed Filing - Coversheet

### Instructions:

In accordance with Title 3 Chapter 25 of the Vermont Statutes Annotated and the “Rule on Rulemaking” adopted by the Office of the Secretary of State, this filing will be considered complete upon filing and acceptance of these forms with the Office of the Secretary of State, and the Legislative Committee on Administrative Rules.

All forms shall be submitted at the Office of the Secretary of State, no later than 3:30 pm on the last scheduled day of the work week.

The data provided in text areas of these forms will be used to generate a notice of rulemaking in the portal of “Proposed Rule Postings” online, and the newspapers of record if the rule is marked for publication. Publication of notices will be charged back to the promulgating agency.

\* COVER SHEET, ADOPTING PAGE, ECONOMIC IMPACT ANALYSIS, ENVIRONMENTAL IMPACT ANALYSIS, STRATEGY FOR MAXIMIZING PUBLIC INPUT, SCIENTIFIC INFORMATION STATEMENT (IF APPLICABLE), INCORPORATED BY REFERENCE STATEMENT (IF APPLICABLE), CLEAN TEXT OF THE RULE (AMENDED TEXT WITHOUT ANNOTATION), ANNOTATED TEXT (CLEARLY MARKING CHANGES FROM PREVIOUS RULE), ICAR MINUTES, COPY OF COMMENTS, RESPONSIVENESS SUMMARY

**PLEASE REMOVE ANY COVERSHEET OR FORM NOT  
REQUIRED WITH THE CURRENT FILING BEFORE DELIVERY!**

\* COVER SHEET, ADOPTING PAGE, ECONOMIC IMPACT ANALYSIS, ENVIRONMENTAL IMPACT ANALYSIS, STRATEGY FOR MAXIMIZING PUBLIC INPUT, SCIENTIFIC INFORMATION STATEMENT (IF APPLICABLE), INCORPORATED BY REFERENCE STATEMENT (IF APPLICABLE), CLEAN TEXT OF THE RULE (AMENDED TEXT WITHOUT ANNOTATION), ANNOTATED TEXT (CLEARLY MARKING CHANGES FROM PREVIOUS RULE), ICAR MINUTES, COPY OF COMMENTS, RESPONSIVENESS SUMMARY

**Certification Statement:** As the adopting Authority of this rule (see 3 V.S.A. § 801 (b) (11) for a definition), I approve the contents of this filing entitled:

**Insurance Holding Company Systems**

\_\_\_\_\_/s/ Kaj Samsom\_\_\_\_\_, on 7/1/2025  
(signature) (date)

Printed Name and Title:

Kaj Samsom, Commissioner

RECEIVED BY: \_\_\_\_\_

- ☐ Coversheet
- ☐ Adopting Page
- ☐ Economic Impact Analysis
- ☐ Environmental Impact Analysis
- ☐ Strategy for Maximizing Public Input
- ☐ Scientific Information Statement (if applicable)
- ☐ Incorporated by Reference Statement (if applicable)
- ☐ Clean text of the rule (Amended text without annotation)
- ☐ Annotated text (Clearly marking changes from previous rule)
- ☐ ICAR Minutes
- ☐ Copy of Comments
- ☐ Responsiveness Summary

1. TITLE OF RULE FILING:  
**Insurance Holding Company Systems**
2. PROPOSED NUMBER ASSIGNED BY THE SECRETARY OF STATE  
25P 017

3. ADOPTING AGENCY:  
Department of Financial Regulation

4. PRIMARY CONTACT PERSON:  
(A PERSON WHO IS ABLE TO ANSWER QUESTIONS ABOUT THE CONTENT OF THE RULE).

Name: Dan Raddock

Agency: Department of Financial Regulation

Mailing Address: 89 Main Street, Montpelier, VT 05620

Telephone: 802-828-2921 Fax:

E-Mail: dan.raddock@vermont.gov

Web URL (WHERE THE RULE WILL BE POSTED):

<https://dfr.vermont.gov/about-us/legal-general-counsel/proposed-rules-and-public-comment>

5. SECONDARY CONTACT PERSON:  
(A SPECIFIC PERSON FROM WHOM COPIES OF FILINGS MAY BE REQUESTED OR WHO MAY ANSWER QUESTIONS ABOUT FORMS SUBMITTED FOR FILING IF DIFFERENT FROM THE PRIMARY CONTACT PERSON).

Name: Karen Ducharme

Agency: Department of Financial Regulation

Mailing Address: 89 Main Street, Montpelier, VT 05620

Telephone: 802-828-1959 Fax:

E-Mail: karen.ducharme@vermont.gov

6. RECORDS EXEMPTION INCLUDED WITHIN RULE:  
(DOES THE RULE CONTAIN ANY PROVISION DESIGNATING INFORMATION AS CONFIDENTIAL; LIMITING ITS PUBLIC RELEASE; OR OTHERWISE, EXEMPTING IT FROM INSPECTION AND COPYING?) No

IF YES, CITE THE STATUTORY AUTHORITY FOR THE EXEMPTION:

PLEASE SUMMARIZE THE REASON FOR THE EXEMPTION:

7. LEGAL AUTHORITY / ENABLING LEGISLATION:  
(THE SPECIFIC STATUTORY OR LEGAL CITATION FROM SESSION LAW INDICATING WHO THE ADOPTING ENTITY IS AND THUS WHO THE SIGNATORY SHOULD BE. THIS SHOULD BE A SPECIFIC CITATION NOT A CHAPTER CITATION).

8 V.S.A. § 15(a); 8 V.S.A. § 3688

**8. EXPLANATION OF HOW THE RULE IS WITHIN THE AUTHORITY OF THE AGENCY:**

The Department is expressly authorized by 8 V.S.A. § 3688 to adopt rules as necessary to carry out the provisions of Subchapter 13 of Title 8, Chapter 101. The revisions modify the rule to reflect changes made in that subchapter by Act 110 (H.659) of 2024, which became effective July 1, 2024. The Department also has rulemaking authority pursuant to 8 V.S.A. § 15(a) that gives the Department authority to promulgate the changes to the rule.

**9. THE FILING HAS NOT CHANGED SINCE THE FILING OF THE PROPOSED RULE.**

**10. THE AGENCY HAS INCLUDED WITH THIS FILING A LETTER EXPLAINING IN DETAIL WHAT CHANGES WERE MADE, CITING CHAPTER AND SECTION WHERE APPLICABLE.**

**11. SUBSTANTIAL ARGUMENTS AND CONSIDERATIONS WERE NOT RAISED FOR OR AGAINST THE ORIGINAL PROPOSAL.**

**12. THE AGENCY HAS INCLUDED COPIES OF ALL WRITTEN SUBMISSIONS AND SYNOPSES OF ORAL COMMENTS RECEIVED.**

**13. THE AGENCY HAS INCLUDED A LETTER EXPLAINING IN DETAIL THE REASONS FOR THE AGENCY’S DECISION TO REJECT OR ADOPT THEM.**

**14. CONCISE SUMMARY (150 WORDS OR LESS):**

The Insurance Holding Company Systems Rule sets out the rules and procedural requirements necessary to carry out 8 V.S.A. Chapter 101, Subchapter 13, which establishes regulatory requirements governing registration, acquisitions and other transactions, and solvency of insurance holding company systems as a whole (and not limited to insurance companies within the system). The update is necessary to bring the rule into compliance with 8 V.S.A. §§ 3681, 3684, and 3685 as modified by Act 110 (H.659) of 2024. The revisions to the rule are intended to provide regulators with more transparency regarding insurance holding company systems as a whole and to make risks and solvency concerns within the system easier to identify. Changes to the rule clarify some of the statutory exemptions to

filing requirements and required terms in agreements for cost sharing and management services. Other changes are for clarity and to simplify the process for filing certain documents.

**15. EXPLANATION OF WHY THE RULE IS NECESSARY:**

The modification to the rule is necessary to align with changes made to 8 V.S.A. §§ 3681, 3684, and 3685 by Act 110 (H.659) of 2024. Act 110 adopted changes to Vermont's insurance holding company statute to match changes to the model law adopted by the National Association of Insurance Commissioners (NAIC). The modifications to the rule are necessary to keep the rule consistent with Vermont law and also the changes to NAIC model rules, which is important in order for the Department to maintain its accreditation with NAIC. Vermont's NAIC accreditation is necessary for other states to be able to rely on Vermont's regulation of domestic Vermont insurance companies.

**16. EXPLANATION OF HOW THE RULE IS NOT ARBITRARY:**

The changes in the rule are not arbitrary because they are tailored to match specific changes in statute that were implemented to better monitor liquidity and fiscal risks associated with insurance holding companies.

**17. LIST OF PEOPLE, ENTERPRISES AND GOVERNMENT ENTITIES AFFECTED BY THIS RULE:**

The modification to the rule affects entities that are part of insurance holding company systems that transact business in Vermont, including insurance companies. The modification to the rule also benefits consumers and the Department.

**18. BRIEF SUMMARY OF ECONOMIC IMPACT (150 WORDS OR LESS):**

The economic cost of the modifications to the rule are anticipated to be limited. Specifically, we anticipate minimal additional compliance and reporting costs for entities that are part of insurance company holding systems associated with (i) including additional required terms in cost sharing and management services agreements and (ii) establishing any exemptions from filing group capital calculations. The modifications to the rule benefit the Department and insurance consumers by better ensuring the solvency of insurance

companies that are part of a holding company system. The revisions to the rule address exceptions to filings required by recent changes in 8 V.S.A. § 3684, change some required terms for agreement for cost sharing services and management services, and are for clarity and are expected to impose minimal additional costs. The updates reflect changes made in the widely-accepted National Association of Insurance Commissioners model rule, which benefits the Department.

19. A HEARING WAS HELD.

20. HEARING INFORMATION

(THE FIRST HEARING SHALL BE NO SOONER THAN 30 DAYS FOLLOWING THE POSTING OF NOTICES ONLINE).

IF THIS FORM IS INSUFFICIENT TO LIST THE INFORMATION FOR EACH HEARING, PLEASE ATTACH A SEPARATE SHEET TO COMPLETE THE HEARING INFORMATION.

Date: 6/13/2025

Time: 11:00 AM

Street Address: Virtual (MS teams) only

Zip Code:

URL for Virtual: [https://teams.microsoft.com/l/meetup-join/19%3ameeting\\_MDcwZGU2MTMtMTliMi00MGZiLTk1MDYtMWQwOGIyZDZjMDI2%40thread.v2/0?context=%7b%22Tid%22%3a%2220b4933b-baad-433c-9c02-70edcc7559c6%22%2c%220id%22%3a%228e6e8bee-36f6-4255-a55d-f61857ec6e87%22%7d](https://teams.microsoft.com/l/meetup-join/19%3ameeting_MDcwZGU2MTMtMTliMi00MGZiLTk1MDYtMWQwOGIyZDZjMDI2%40thread.v2/0?context=%7b%22Tid%22%3a%2220b4933b-baad-433c-9c02-70edcc7559c6%22%2c%220id%22%3a%228e6e8bee-36f6-4255-a55d-f61857ec6e87%22%7d)

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Date:

Time: AM

Street Address:

Zip Code:

URL for Virtual:

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Date:

Time: AM

Street Address:

Zip Code:

URL for Virtual:

Date:

Time: AM

Street Address:

Zip Code:

URL for Virtual:

**21. DEADLINE FOR COMMENT (NO EARLIER THAN 7 DAYS FOLLOWING LAST HEARING):**

6/20/2025

**KEYWORDS** (PLEASE PROVIDE AT LEAST 3 KEYWORDS OR PHRASES TO AID IN THE SEARCHABILITY OF THE RULE NOTICE ONLINE).

Insurance holding company

Enterprise risk report

Group capital calculation

Liquidity stress test

Insurance

## Adopting Page

### **Instructions:**

This form must accompany each filing made during the rulemaking process:

Note: To satisfy the requirement for an annotated text, an agency must submit the entire rule in annotated form with proposed and final proposed filings. Filing an annotated paragraph or page of a larger rule is not sufficient. Annotation must clearly show the changes to the rule.

When possible, the agency shall file the annotated text, using the appropriate page or pages from the Code of Vermont Rules as a basis for the annotated version. New rules need not be accompanied by an annotated text.

1. TITLE OF RULE FILING:

**Insurance Holding Company Systems**

2. ADOPTING AGENCY:

Department of Financial Regulation

3. TYPE OF FILING (*PLEASE CHOOSE THE TYPE OF FILING FROM THE DROPDOWN MENU BASED ON THE DEFINITIONS PROVIDED BELOW*):

- **AMENDMENT** - Any change to an already existing rule, even if it is a complete rewrite of the rule, it is considered an amendment if the rule is replaced with other text.
- **NEW RULE** - A rule that did not previously exist even under a different name.
- **REPEAL** - The removal of a rule in its entirety, without replacing it with other text.

This filing is **AN AMENDMENT OF AN EXISTING RULE** .

4. LAST ADOPTED (*PLEASE PROVIDE THE SOS LOG#, TITLE AND EFFECTIVE DATE OF THE LAST ADOPTION FOR THE EXISTING RULE*):

Regulation 71-2 (Revised) - Insurance Holding Company Systems; 14P-030; effective December 25, 2014.

## Economic Impact Analysis

### **Instructions:**

In completing the economic impact analysis, an agency analyzes and evaluates the anticipated costs and benefits to be expected from adoption of the rule; estimates the costs and benefits for each category of people enterprises and government entities affected by the rule; compares alternatives to adopting the rule; and explains their analysis concluding that rulemaking is the most appropriate method of achieving the regulatory purpose. If no impacts are anticipated, please specify “No impact anticipated” in the field.

Rules affecting or regulating schools or school districts must include cost implications to local school districts and taxpayers in the impact statement, a clear statement of associated costs, and consideration of alternatives to the rule to reduce or ameliorate costs to local school districts while still achieving the objectives of the rule (see 3 V.S.A. § 832b for details).

Rules affecting small businesses (excluding impacts incidental to the purchase and payment of goods and services by the State or an agency thereof), must include ways that a business can reduce the cost or burden of compliance or an explanation of why the agency determines that such evaluation isn’t appropriate, and an evaluation of creative, innovative or flexible methods of compliance that would not significantly impair the effectiveness of the rule or increase the risk to the health, safety, or welfare of the public or those affected by the rule.

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#### 1. TITLE OF RULE FILING:

**Insurance Holding Company Systems**

#### 2. ADOPTING AGENCY:

Department of Financial Regulation

#### 3. CATEGORY OF AFFECTED PARTIES:

*LIST CATEGORIES OF PEOPLE, ENTERPRISES, AND GOVERNMENTAL ENTITIES POTENTIALLY AFFECTED BY THE ADOPTION OF THIS RULE AND THE ESTIMATED COSTS AND BENEFITS ANTICIPATED:*

The modifications to the proposed rule affect entities that are part of insurance holding company systems that transact business in Vermont. This includes insurance companies that are part of an insurance holding company system. The modifications to the rule are anticipated to have minimal economic impact on entities that are part of insurance company holding systems. Recent



changes to 8 V.S.A. § 3684 impose requirements on those systems to file additional reports, including a group capital calculation. The revisions to the rule address the exceptions for when such filings are not required. The changes to required terms for agreement for cost sharing services and management services are expected to have minimal additional compliance costs and would facilitate the supervision, seizure, conservatorship, or receivership in the event an insurer in an insurance holding company system became subject to an insolvency proceeding.

Insurance consumers benefit from better protection of their financial interests by ensuring solvency of insurers that are part of an insurance holding company system.

The Department benefits by ensuring that its rules are consistent with Vermont statute, which is based on a National Association of Insurance Commissioners (NAIC) model law, and with the widely-accepted NAIC model rule.

#### 4. IMPACT ON SCHOOLS:

*INDICATE ANY IMPACT THAT THE RULE WILL HAVE ON PUBLIC EDUCATION, PUBLIC SCHOOLS, LOCAL SCHOOL DISTRICTS AND/OR TAXPAYERS CLEARLY STATING ANY ASSOCIATED COSTS:*

The modification to the rule is not expected to have an impact on schools.

#### 5. ALTERNATIVES: *CONSIDERATION OF ALTERNATIVES TO THE RULE TO REDUCE OR AMELIORATE COSTS TO LOCAL SCHOOL DISTRICTS WHILE STILL ACHIEVING THE OBJECTIVE OF THE RULE.*

Because the modification to the rule is not expected to have an impact on schools, alternatives were not considered.

#### 6. IMPACT ON SMALL BUSINESSES:

*INDICATE ANY IMPACT THAT THE RULE WILL HAVE ON SMALL BUSINESSES (EXCLUDING IMPACTS INCIDENTAL TO THE PURCHASE AND PAYMENT OF GOODS AND SERVICES BY THE STATE OR AN AGENCY THEREOF):*

The modifications to the rule are not anticipated to impact small businesses directly. The modifications do benefit small businesses by providing the Department

with better ways to monitor and ensure insurer solvency.

**7. SMALL BUSINESS COMPLIANCE: *EXPLAIN WAYS A BUSINESS CAN REDUCE THE COST/BURDEN OF COMPLIANCE OR AN EXPLANATION OF WHY THE AGENCY DETERMINES THAT SUCH EVALUATION ISN'T APPROPRIATE.***

The modifications to the rule only impose additional compliance requirements on insurance holding companies, and therefore are not anticipated to impose compliance requirements on small businesses.

**8. COMPARISON:**

*COMPARE THE IMPACT OF THE RULE WITH THE ECONOMIC IMPACT OF OTHER ALTERNATIVES TO THE RULE, INCLUDING NO RULE ON THE SUBJECT OR A RULE HAVING SEPARATE REQUIREMENTS FOR SMALL BUSINESS:*

The modifications to the rule reflect changes adopted by the National Association of Insurance Commissioners (NAIC) to the widely-adopted model rule established by the NAIC. Consistency with the NAIC model rule is important for Vermont to maintain its accreditation by the NAIC. A consistent rule also makes compliance easier for insurance holding companies because the rule is consistent with requirements adopted across the country. Alternatives to the changes in the rule, or not having a rule, would make compliance more difficult because it could impose unique requirements on insurers, or it could result in additional burdens on domestic Vermont insurers if the Department did not maintain its NAIC accreditation and other states could not accept the Department's regulation of domestic Vermont insurers.

**9. SUFFICIENCY: *DESCRIBE HOW THE ANALYSIS WAS CONDUCTED, IDENTIFYING RELEVANT INTERNAL AND/OR EXTERNAL SOURCES OF INFORMATION USED.***

The Department reviewed the changes to the rule, the changes to the NAIC model rule, and the analysis of the changes developed by NAIC in connection with adopting the changes to the model rule.

## Environmental Impact Analysis

### **Instructions:**

In completing the environmental impact analysis, an agency analyzes and evaluates the anticipated environmental impacts (positive or negative) to be expected from adoption of the rule; compares alternatives to adopting the rule; explains the sufficiency of the environmental impact analysis. If no impacts are anticipated, please specify “No impact anticipated” in the field.

Examples of Environmental Impacts include but are not limited to:

- Impacts on the emission of greenhouse gases
- Impacts on the discharge of pollutants to water
- Impacts on the arability of land
- Impacts on the climate
- Impacts on the flow of water
- Impacts on recreation
- Or other environmental impacts

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#### 1. TITLE OF RULE FILING:

**Insurance Holding Company Systems**

#### 2. ADOPTING AGENCY:

Department of Financial Regulation

#### 3. GREENHOUSE GAS: *EXPLAIN HOW THE RULE IMPACTS THE EMISSION OF GREENHOUSE GASES (E.G. TRANSPORTATION OF PEOPLE OR GOODS; BUILDING INFRASTRUCTURE; LAND USE AND DEVELOPMENT, WASTE GENERATION, ETC.):*

No impact.

#### 4. WATER: *EXPLAIN HOW THE RULE IMPACTS WATER (E.G. DISCHARGE / ELIMINATION OF POLLUTION INTO VERMONT WATERS, THE FLOW OF WATER IN THE STATE, WATER QUALITY ETC.):*

No impact.

#### 5. LAND: *EXPLAIN HOW THE RULE IMPACTS LAND (E.G. IMPACTS ON FORESTRY, AGRICULTURE ETC.):*

No impact.

#### 6. RECREATION: *EXPLAIN HOW THE RULE IMPACTS RECREATION IN THE STATE:*

No impact.

7. **CLIMATE:** *EXPLAIN HOW THE RULE IMPACTS THE CLIMATE IN THE STATE:*

No impact.

8. **OTHER:** *EXPLAIN HOW THE RULE IMPACT OTHER ASPECTS OF VERMONT'S ENVIRONMENT:*

No impact.

9. **SUFFICIENCY:** *DESCRIBE HOW THE ANALYSIS WAS CONDUCTED, IDENTIFYING RELEVANT INTERNAL AND/OR EXTERNAL SOURCES OF INFORMATION USED.*

The revision to the rule is not anticipated to have any environmental impact, therefore the analysis is sufficient.

## Public Input Maximization Plan

### **Instructions:**

Agencies are encouraged to hold hearings as part of their strategy to maximize the involvement of the public in the development of rules. Please complete the form below by describing the agency's strategy for maximizing public input (what it did do, or will do to maximize the involvement of the public).

This form must accompany each filing made during the rulemaking process:

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1. TITLE OF RULE FILING:

**Insurance Holding Company Systems**

2. ADOPTING AGENCY:

Department of Financial Regulation

3. PLEASE DESCRIBE THE AGENCY'S STRATEGY TO MAXIMIZE PUBLIC INVOLVEMENT IN THE DEVELOPMENT OF THE PROPOSED RULE, LISTING THE STEPS THAT HAVE BEEN OR WILL BE TAKEN TO COMPLY WITH THAT STRATEGY:

The modifications to the rule have been taken directly from the National Association of Insurance Commissioners (NAIC) model rule. The NAIC model rule was developed by a NAIC working group based on a multi-year process to develop the changes to the proposed rule. The process included a test by more than 30 insurance groups represented by 15 lead states of the group capital calculation reflected in the modifications to the rule. The NAIC model rule was subject to multiple rounds of public comment before being adopted by the NAIC.

In addition to the posting the rule revisions on the Department's website and the other APA required steps, the Department plans to hold a public hearing on the revisions to the rule.

The proposed rule is available on the Department's website, and a paper copy of the proposed rule can be obtained by contacting the Department at (802) 828-3301, or by mail addressed to Russ McCracken, Vermont

**Public Input**

Dept. of Financial Regulation, Legal Division, 89 Main Street, Montpelier, VT 05620-3101.

**4. BEYOND GENERAL ADVERTISEMENTS, PLEASE LIST THE PEOPLE AND ORGANIZATIONS THAT HAVE BEEN OR WILL BE INVOLVED IN THE DEVELOPMENT OF THE PROPOSED RULE:**

The modifications to the rule were developed by the NAIC through a process involving state regulators, representatives of the insurance industry, and federal regulators.

## Incorporation by Reference

**THIS FORM IS ONLY REQUIRED WHEN INCORPORATING MATERIALS BY REFERENCE. PLEASE REMOVE PRIOR TO DELIVERY IF IT DOES NOT APPLY TO THIS RULE FILING:**

### **Instructions:**

In completing the incorporation by reference statement, an agency describes any materials that are incorporated into the rule by reference and how to obtain copies.

This form is only required when a rule incorporates materials by referencing another source without reproducing the text within the rule itself (e.g., federal or national standards, or regulations).

Incorporated materials will be maintained and available for inspection by the Agency.

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#### 1. TITLE OF RULE FILING:

**Insurance Holding Company Systems**

#### 2. ADOPTING AGENCY:

Department of Financial Regulation

#### 3. DESCRIPTION (*DESCRIBE THE MATERIALS INCORPORATED BY REFERENCE*):

Forms A, B, C, D, E, and F are incorporated by reference. These forms are model forms prepared by the National Association of Insurance Commissioners.

#### 4. FORMAL CITATION OF MATERIALS INCORPORATED BY REFERENCE:

Insurance Holding Company Systems Regulation, Forms A, B, C, D, E, and F.

#### 5. OBTAINING COPIES: (*EXPLAIN WHERE THE PUBLIC MAY OBTAIN THE MATERIAL(S) IN WRITTEN OR ELECTRONIC FORM, AND AT WHAT COST*):

The Department will provide copies of the forms at no cost. The forms will be available on the Department's website with the final version of this rule.

#### 6. MODIFICATIONS (*PLEASE EXPLAIN ANY MODIFICATION TO THE INCORPORATED MATERIALS E.G., WHETHER ONLY PART OF THE MATERIAL IS ADOPTED AND IF SO, WHICH PART(S) ARE MODIFIED*):

None.

Run Spell Check



# **VERMONT DEPARTMENT OF FINANCIAL REGULATION**

## **INSURANCE DIVISION**

### **INSURANCE HOLDING COMPANY SYSTEMS**

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#### **Section 1. Authority**

This regulation is promulgated pursuant to the authority granted by 8 V.S.A. § 15 and subchapter 13 of chapter 101.

#### **Section 2. Purpose**

The purpose of this regulation is to set forth rules and procedural requirements which the Commissioner deems necessary to carry out the provisions of 8 V.S.A. chapter 101, subchapter 13, which relates to holding companies and subsidiaries.

### **Section 3. Severability Clause**

If any provision of these regulations, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect other provisions or applications of these regulations which can be given effect without the invalid provision or application, and to that end the provisions of these regulations are severable.

### **Section 4. Forms - General Requirements**

- A. Forms A, B, C, D, E, and F are intended to be guides in the preparation of the statements required by 8 V.S.A. chapter 101, subchapter 13. They are not intended to be blank forms which are to be filled in. The statements filed shall contain the numbers and captions of all items, but the text of the items may be omitted provided the answers thereto are prepared in such a manner as to indicate clearly the scope and coverage of the items. All instructions, whether appearing under the items of the form or elsewhere therein, are to be omitted. Unless expressly provided otherwise, if any item is inapplicable or the answer thereto is in the negative, an appropriate statement to that effect shall be made.
- B. Complete copies of each statement including exhibits and all other papers and documents filed as a part thereof shall be filed with the Commissioner electronically, either by email or other electronic filing method specified by the Commissioner. At least one of the copies shall be a copy of a manually signed form that was signed in the manner prescribed on the form. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of the power of attorney or other authority shall also be filed with the statement.
- C. If an applicant requests a hearing on a consolidated basis under 8 V.S.A. § 3683(f)(3) of the Act, in addition to filing the Form A with the Commissioner, the applicant shall file a copy of Form A with the National Association of Insurance Commissioners in electronic form.
- D. Statements should be prepared electronically. Statements shall be easily readable and suitable for review and reproduction. Debits in credit categories and credits in debit categories shall be designated so as to be clearly distinguishable as such on photocopies. Statements shall be in the English language and monetary values shall be stated in United States currency. If any exhibit or other paper or document filed with the statement is in a foreign language, it shall be accompanied by a translation into the English language and any monetary value shown in a foreign currency shall be converted into United States currency.

### **Section 5. Forms – Incorporation by Reference, Summaries and Omissions**

- A. Information required by any item of Form A, Form B, Form D, Form E, or Form F may be incorporated by reference in answer or partial answer to any other item. Information contained in any financial statement, annual report, proxy statement, statement filed with a government authority, or any other document may be incorporated

by reference in answer or partial answer to any item of Form A, Form B, Form D, Form E, or Form F provided such document is filed as an exhibit to the statement. Excerpts of documents may be filed as exhibits if the documents are extensive. Documents currently on file with the Commissioner which were filed within three (3) years need not be attached as exhibits.

References to information contained in exhibits or in documents already on file shall clearly identify the material and shall specifically indicate that such material is to be incorporated by reference in answer to the item. Matter shall not be incorporated by reference in any case where such incorporation would render the statement incomplete, unclear or confusing.

- B. Where an item requires a summary or outline of the provisions of any document, only a brief statement shall be made as to the pertinent provisions of the document. In addition to the statement, the summary or outline may incorporate by reference particular parts of any exhibit or document currently on file with the Commissioner which was filed within three (3) years and may be qualified in its entirety by such reference. In any case where two (2) or more documents required to be filed as exhibits are substantially identical in all material respects except as to the parties thereto, the dates of execution, or other details, a copy of only one of the documents need be filed with a schedule identifying the omitted documents and setting forth the material details in which such documents differ from the documents, a copy of which is filed. The Commissioner may at any time in his or her discretion require the filing of copies of any omitted documents.

**Section 6. Forms – Information Unknown or Unavailable and Extension of Time to Furnish**

- A. If it is impractical to furnish any required information, document or report at the time it is required to be filed, there may be filed with the Commissioner a separate document:
  - (1) Identifying the information, document or report in question;
  - (2) Stating why the filing thereof at the time required is impractical; and
  - (3) Requesting an extension of time for filing the information, document or report to a specified date. The request for extension shall be deemed granted unless the Commissioner within thirty (30) days after receipt thereof enters an order denying the request.

**Section 7. Forms – Additional Information and Exhibits**

In addition to the information expressly required to be included in Form A, Form B, Form C, Form D, Form E, and Form F, the Commissioner may request such further material information, if any, as may be necessary to make the information contained therein not

misleading. The person filing may also file such exhibits as it may desire in addition to those expressly required by the statement. Such exhibits shall be so marked as to indicate clearly the subject matters to which they refer. Changes to Forms A, B, C, D, E, or F shall include on the top of the cover page the phrase: Change No.[insert number] to and shall indicate the date of the change and not the date of the original filing.

## **Section 8. Definitions**

- A. Executive officer means chief executive officer, chief operating officer, chief financial officer, president, vice president, treasurer, secretary, controller, and any other individual performing functions corresponding to those performed by the foregoing officers under whatever title.
- B. Ultimate controlling person means that person which is not controlled by any other person.
- C. Material transactions as set forth in 8 V.S.A. § 3685(f)(4) include, but are not limited to, transactions which result in an insurance company gaining control of another insurance company.
- D. All other terms used herein shall have the same meanings prescribed in 8 V.S.A. § 3681 unless the context otherwise requires. Other nomenclature or terminology is according to Vermont law applicable to insurance companies, or industry usage if not defined by Vermont law.

## **Section 9. Subsidiaries of Domestic Insurers**

The authority to invest in the types of subsidiaries set forth in 8 V.S.A. § 3682(a) is in addition to any authority to invest in subsidiaries as set forth in 8 V.S.A. § 3682(b) or as set forth in other provisions of Vermont law applicable to insurance companies.

## **Section 10. Acquisition of Control – Statement Filing**

A person required to file a statement pursuant to 8 V.S.A. § 3683 shall furnish the required information on Form A. Such person shall also furnish the required information on Form E, described in Section 13 of this regulation.

## **Section 11. Amendments to Form A**

The applicant shall, within seven days after it learns of any change in the information so furnished, advise the Commissioner of any changes in the information furnished on Form A arising subsequent to the date upon which such information was furnished, but prior to the Commissioner's disposition of the application.

## **Section 12. Acquisition of § 3683(a)(4) Insurer**

- A. If the person being acquired is a domestic insurer solely because of the provisions of 8 V.S.A. § 3683(a)(4), the name of the domestic insurer on the cover page should be indicated as follows:

ABC Insurance Company, a subsidiary of XYZ Holding Company.

- B. Where a § 3683(a)(4) insurer is being acquired, references to the insurer contained in Form A shall refer to both the domestic subsidiary insurer and the person being acquired.

### **Section 13. Pre-Acquisition Notification**

If a domestic insurer, including any person controlling a domestic insurer, is proposing a merger or acquisition pursuant to 8 V.S.A. § 3683(a)(1), that person shall file a pre-acquisition notification form, Form E, which was developed pursuant to 8 V.S.A. § 3683a(c)(1). Additionally, if a non-domiciliary insurer licensed to do business in this state is proposing a merger or acquisition pursuant to 8 V.S.A. § 3683a, that person shall file a pre-acquisition notification form, Form E. No pre-acquisition notification form need be filed if the acquisition is beyond the scope of 8 V.S.A. § 3683a as set forth in 8 V.S.A. § 3683a(b). In addition to the information required by Form E, the Commissioner may wish to require an expert opinion as to the competitive impact of the proposed acquisition.

### **Section 14. Registration of Insurers – Annual Statement Filing**

An insurer required to file a statement pursuant to 8 V.S.A. § 3684, Registration of insurers, shall furnish the required information on Form B.

### **Section 15. Summary of Registration – Statement Filing**

An insurer required to file an annual registration statement pursuant to 8 V.S.A. § 3684 is also required to furnish information required on Form C.

### **Section 16. Amendments to Form B**

- A. An amendment to Form B shall be filed within 15 days after the end of any month in which there is a material change to the information provided in the annual registration statement.
- B. Amendments shall be filed in the Form B format with only those items which are being amended reported. Each such amendment shall include at the top of the cover page Amendment No.(insert number) to Form B for (insert year) and shall indicate the date of the change and not the date of the original filings.

### **Section 17. Alternative and Consolidated Registration**

- A. Any authorized insurer may file a registration statement on behalf of any affiliated insurer or insurers which are required to register under 8 V.S.A. § 3684. A registration statement may include information regarding any insurer in the insurance holding company system even if such insurer is not authorized to do business in this State. In lieu of filing a registration statement on Form B, the authorized insurer may file a copy of the registration statement or similar report which it is required to file in its State of domicile, provided:
  - (1) the statement or report contains substantially similar information required to be furnished on Form B; and
  - (2) the filing insurer is the principal insurance company in the insurance holding company system.
- B. The question of whether the filing insurer is the principal insurance company in the insurance holding company system is a question of fact and an insurer filing a registration statement or report in lieu of Form B on behalf of an affiliated insurer, shall set forth a brief statement of facts which will substantiate the filing insurer's claim that it, in fact, is the principal insurer in the insurance holding company system.
- C. With the prior approval of the Commissioner, an unauthorized insurer may follow any of the procedures which could be done by an authorized insurer under paragraph (A) above.
- D. Any insurer may take advantage of the provisions of 8 V.S.A. § 3684(i) or § 3684(j) without obtaining the prior approval of the Commissioner. The Commissioner, however, reserves the right to require individual filings if he or she deems such filings necessary in the interest of clarity, ease of administration or the public good.

## **Section 18. Disclaimers and Termination of Registration**

- A. A disclaimer of affiliation pursuant to 8 V.S.A. § 3684(l) or a request for termination of registration pursuant to 8 V.S.A. § 3684(h) claiming that a person does not, or will not upon the taking of some proposed action, control another person (hereinafter referred to as the subject) shall contain the following information:
  - (1) the number of authorized, issued and outstanding voting securities of the subject;
  - (2) with respect to the person whose control is denied and all affiliates of such person, the number and percentage of shares of the subject's voting securities which are held of record or known to be beneficially owned, and

the number of such shares concerning which there is a right to acquire, directly or indirectly;

- (3) all material relationships and bases for affiliation between the subject and the person whose control is denied and all affiliates of such person;
- (4) a statement explaining why such person should not be considered to control the subject.

- B. A request for termination of registration shall be deemed to have been granted unless the Commissioner, within 30 days after he received the request, notifies the registrant otherwise.

#### **Section 19. Transactions Subject to Prior Notice – Notice Filing**

- A. An insurer required to give notice of a proposed transaction pursuant to 8 V.S.A. § 3685 shall furnish the required information on Form D.
- B. Agreements for cost sharing services and management services shall at a minimum and as applicable:
  - (1) Identify the person providing services and the nature of such services;
  - (2) Set forth the methods to allocate costs;
  - (3) Require timely settlement, not less frequently than on a quarterly basis, and compliance with the requirements in the NAIC Accounting Practices and Procedures Manual;
  - (4) Prohibit advancement of funds by the insurer to the affiliate except to pay for services defined in the agreement;
  - (5) State that the insurer will maintain oversight for functions provided to the insurer by the affiliate and that the insurer will monitor services annually for quality assurance;
  - (6) Define records and data of the insurer to include all records and data developed or maintained under or related to the agreement that are otherwise the property of the insurer, in whatever form maintained, including, but not limited to, claims and claim files, policyholder lists, application files, litigation files, premium records, rate books, underwriting manuals, personnel records, financial records or similar records within the possession, custody or control of the affiliate;
  - (7) Specify that all records and data of the insurer are and remain the property of the insurer, and:

- (a) Are subject to control of the insurer;
  - (b) Are identifiable; and
  - (c) Are segregated from all other persons' records and data, or are readily capable of segregation at no additional cost to the insurer;
- (8) State that all funds and invested assets of the insurer are the exclusive property of the insurer, held for the benefit of the insurer and are subject to the control of the insurer;
- (9) Include standards for termination of the agreement with and without cause;
- (10) Include provisions for indemnification of the insurer in the event of gross negligence or willful misconduct on the part of the affiliate providing the services and for any actions by the affiliate that violate provisions of the agreement required in Subsections 19B(11), 19B(12), 19B(13), 19B(14) and 19B(15) of this regulation;
- (11) Specify that, if the insurer is placed in supervision, seizure, conservatorship or receivership pursuant to 8 V.S.A. chapter 145:
  - (a) All of the rights of the insurer under the agreement extend to the receiver or Commissioner to the extent permitted by 8 V.S.A. chapter 145;
  - (b) All records and data of the insurer shall be identifiable, and segregated from all other persons' records and data or readily capable of segregation at no additional cost to the receiver or the Commissioner;;
  - (c) A complete set of all books and records and data of the insurer will immediately be made available to the receiver or the Commissioner, shall be made available in a usable format, and shall be turned over to the receiver or Commissioner immediately upon the receiver or the Commissioner's request; and the cost to transfer data to the receiver or the Commissioner shall be fair and reasonable; and,
  - (d) The affiliated person(s) will make available all employees essential to the operations of the insurer and the services associated therewith for the immediate continued performance of the essential services ordered or directed by the receiver or Commissioner;
- (12) Specify that the affiliate has no automatic right to terminate the agreement



if the insurer is placed into supervision, seizure, conservatorship or receivership pursuant to 8 V.S.A. chapter 145; and

- (13) Specify that the affiliate will provide the essential services for a minimum period of time after termination of the agreement, if the insurer is placed into supervision, seizure, conservatorship or receivership pursuant to 8 V.S.A. chapter 145, as ordered or directed by the receiver or Commissioner. Performance of the essential services will continue to be provided without regard to pre-receivership unpaid fees, so long as the affiliate continues to receive timely payment for post-receivership services rendered, and unless released by the receiver, Commissioner or supervising court;
- (14) Specify that the affiliate will continue to maintain any systems, programs, or other infrastructure, notwithstanding supervision, seizure, conservatorship or receivership pursuant to 8 V.S.A. chapter 145, and will make them available to the receiver or Commissioner as ordered or directed by the receiver or Commissioner, for so long as the affiliate continues to receive timely payment for post-receivership services rendered, and unless released by the receiver, Commissioner or supervising court; and,
- (15) Specify that, in furtherance of the cooperation between the receiver and the affected guaranty association(s) and subject to the receiver's authority over the insurer, if the insurer is placed into supervision, seizure, conservatorship or receivership pursuant to 8 V.S.A. chapter 145, and portions of the insurer's policies or contracts are eligible for coverage by one or more guaranty associations, the affiliate's commitments under Subsections 19B(11), 19B(12), 19B(13) and 19B(14) of this regulation will extend to such guaranty association(s).

## **Section 20. Enterprise Risk Report**

The ultimate controlling person of an insurer required to file an enterprise risk report pursuant to 8 V.S.A. § 3684(m) shall furnish the required information on Form F.

## **Section 21. Group Capital Calculation**

- A. Where an insurance holding company system has previously filed the annual group capital calculation at least once, the lead state commissioner has the discretion to exempt the ultimate controlling person from filing the annual group capital calculation if the lead state commissioner makes a determination based upon that filing that the insurance holding company system meets all of the following criteria:

- (1) Has annual direct written and unaffiliated assumed premium (including international direct and assumed premium), but excluding premiums

reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, of less than \$1,000,000,000;

- (2) Has no insurers within its holding company structure that are domiciled outside of the United States or one of its territories;
- (3) Has no banking, depository or other financial entity that is subject to an identified regulatory capital framework within its holding company structure;
- (4) The holding company system attests that there are no material changes in the transactions between insurers and non-insurers in the group that have occurred since the last filing of the annual group capital; and
- (5) The non-insurers within the holding company system do not pose a material financial risk to the insurer's ability to honor policyholder obligations.

B. Where an insurance holding company system has previously filed the annual group capital calculation at least once, the lead state commissioner has the discretion to accept in lieu of the group capital calculation a limited group capital filing if:

- (1) The insurance holding company system has annual direct written and unaffiliated assumed premium (including international direct and assumed premium), but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, of less than \$1,000,000,000; and all of the following additional criteria are met:
  - (a) Has no insurers within its holding company structure that are domiciled outside of the United States or one of its territories;
  - (b) Does not include a banking, depository or other financial entity that is subject to an identified regulatory capital framework; and
  - (c) The holding company system attests that there are no material changes in transactions between insurers and non-insurers in the group that have occurred since the last filing of the report to the lead state commissioner and the non-insurers within the holding company system do not pose a material financial risk to the insurers ability to honor policyholder obligations.

C. For an insurance holding company that has previously met an exemption with respect to the group capital calculation pursuant Section 21A or 21B of this regulation, the lead state commissioner may require at any time the ultimate controlling person to file an annual group capital calculation, completed in accordance with the NAIC Group Capital Calculation Instructions, if any of the following criteria are met:

- (1) Any insurer within the insurance holding company system is in a Risk-

Based Capital action level event as set forth in 8 V.S.A. chapter 159, Risk Based Capital for Insurers, or a similar standard for a non-U.S. insurer; or

- (2) Any insurer within the insurance holding company system meets one or more of the standards of an insurer deemed to be in hazardous financial condition as defined in Regulation I-1993-02 (Revised), Defining Standards and Commissioner's Authority for Companies Deemed to Be in Hazardous Financial Condition; or
- (3) Any insurer within the insurance holding company system otherwise exhibits qualities of a troubled insurer as determined by the lead state commissioner based on unique circumstances including, but not limited to, the type and volume of business written, ownership and organizational structure, federal agency requests, and international supervisor requests.

D. A non-U.S. jurisdiction is considered to "recognize and accept" the group capital calculation if it satisfies the following criteria:

- (1) With respect to 8 V.S.A. § 3684(m)(2)(D)
  - (a) The non-U.S. jurisdiction recognizes the U.S. state regulatory approach to group supervision and group capital, by providing confirmation by a competent regulatory authority, in such jurisdiction, that insurers and insurance groups whose lead state is accredited by the NAIC under the NAIC Accreditation Program shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, by the lead state and will not be subject to group supervision, including worldwide group governance, solvency and capital, and reporting, at the level of the worldwide parent undertaking of the insurance or reinsurance group by the non-U.S. jurisdiction; or
  - (b) Where no U.S. insurance groups operate in the non-U.S. jurisdiction, that non-U.S. jurisdiction indicates formally in writing to the lead state with a copy to the International Association of Insurance Supervisors that the group capital calculation is an acceptable international capital standard. This will serve as the documentation otherwise required in Section 21D(1)(a).
- (2) The non-U.S. jurisdiction provides confirmation by a competent regulatory authority in such jurisdiction that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the lead state commissioner in accordance with a memorandum of understanding or similar document between the commissioner and such jurisdiction, including but not limited to the International Association of Insurance Supervisors Multilateral Memorandum of Understanding or other multilateral memoranda of understanding coordinated by the NAIC. The commissioner shall determine, in consultation with the NAIC Committee Process, if the requirements of the information sharing agreements are in

force.

- E. A list of non-U.S. jurisdictions that “recognize and accept” the group capital calculation will be published through the NAIC Committee Process:
- (1) A list of jurisdictions that “recognize and accept” the group capital calculation pursuant to 8 V.S.A. § 3684(m)(2)(D), is published through the NAIC Committee Process to assist the lead state commissioner in determining which insurers shall file an annual group capital calculation. The list will clarify those situations in which a jurisdiction is exempted from filing under 8 V.S.A. § 3684(m)(2)(D). To assist with a determination under 8 V.S.A. § 3684(m)(2)(E), the list will also identify whether a jurisdiction that is exempted under either 8 V.S.A. § 3684(m)(2)(C) or 8 V.S.A. § 3684(m)(2)(D) requires a group capital filing for any U.S. based insurance group’s operations in that non-U.S. jurisdiction.
  - (2) For a non-U.S. jurisdiction where no U.S. insurance groups operate, the confirmation provided to meet the requirement of Section 21D(1)(b) will serve as support for recommendation to be published as a jurisdiction that “recognizes and accepts” the group capital calculation through the NAIC Committee Process.
  - (3) If the lead state commissioner makes a determination pursuant to 8 V.S.A. § 3684(m)(2)(D) that differs from the NAIC List, the lead state commissioner shall provide thoroughly documented justification to the NAIC and other states.
  - (4) Upon determination by the lead state commissioner that a non-U.S. jurisdiction no longer meets one or more of the requirements to “recognize and accept” the group capital calculation, the lead state commissioner may provide a recommendation to the NAIC that the non-U.S. jurisdiction be removed from the list of jurisdictions that “recognize and accepts” the group capital calculation.

## **Section 22. Extraordinary Dividends and Other Distributions**

- A. Requests for approval of extraordinary dividends or any other extraordinary distribution to shareholders shall include the following:
- (1) the amount of the proposed dividend;
  - (2) the date established for payment of the dividend;
  - (3) a statement as to whether the dividend is to be in cash or other property and, if in property, a description thereof, its costs, and its fair market value together with an explanation of the basis for valuation;
  - (4) a copy of the calculations determining that the proposed dividend is

extraordinary. The work paper shall include the following information:

- (i) The amounts, dates and form of payment of all dividends or distributions (including regular dividends but excluding distributions of the insurer's own securities) paid within the period of 12 consecutive months ending on the date fixed for payment of the proposed dividend for which approval is sought and commencing on the day after the same day of the same month in the last preceding year.
  - (ii) Surplus as regards policyholders (total capital and surplus) as of the 31st day of December next preceding;
  - (iii) If the insurer is a life insurer, the net gain from operations for the 12-month period ending the 31st day of December next preceding;
  - (iv) If the insurer is not a life insurer, the net income less realized capital gains for the 12-month period ending the 31st day of December next preceding and the two preceding 12-month periods; and
  - (v) If the insurer is not a life insurer, the dividends paid to stockholders excluding distributions of the insurer's own securities in the preceding two calendar years.
- (5) a balance sheet and statement of income for the period intervening from the last annual statement filed with the Commissioner and the end of the month preceding the month in which the request for dividend approval is submitted;
- (6) a brief statement as to the effect of the proposed dividend upon the insurer's surplus and the reasonableness of surplus in relation to the insurer's outstanding liabilities and the adequacy of surplus relative to the insurer's financial needs.

- B. Subject to 8 V.S.A. § 3685(c), each registered insurer shall report to the Commissioner all dividends and other distributions to shareholders within 15 business days following the declaration thereof, including the same information required by subsections A(4) of this section.

### **Section 23. Adequacy of Surplus**

The factors set forth in 8 V.S.A. § 3685(b) are not intended to be an exhaustive list. In determining the adequacy and reasonableness of an insurer's surplus no single factor is necessarily controlling. The Commissioner instead will consider the net effect of all of these factors plus other factors bearing on the financial condition of the insurer. In comparing the surplus maintained by other insurers, the Commissioner will consider the extent to which each of these factors varies from company to company and in determining the quality and liquidity of

investments in subsidiaries, the Commissioner will consider the individual subsidiary and may discount or disallow its valuation to the extent that the individual investments so warrant.

**Section 24. Effective Date**

- A. This rule shall become effective \_\_\_\_\_.
- B. Prior versions of this rule became effective December 25, 2014; and June, 1993.

VERMONT DEPARTMENT OF FINANCIAL REGULATION

**REGULATION 71-2 (REVISED) INSURANCE DIVISION**

**INSURANCE HOLDING COMPANY SYSTEMS**

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<b>Section <del>21</del><sup>22</sup>.</b>	<b>Extraordinary Dividends and Other Distributions</b>
<b>Section <del>22</del><sup>23</sup>.</b>	<b>Adequacy of Surplus</b>
<b><u>Section 24.</u></b>	<b><u>Effective Date</u></b>

**Section 1. Authority**

This regulation is promulgated pursuant to the authority granted by 8 V.S.A. § 15 and subchapter 13 of chapter 101.

**Section 2. Purpose**

The purpose of this regulation is to set forth rules and procedural requirements which the Commissioner deems necessary to carry out the provisions of 8 V.S.A. chapter 101, subchapter 13, which relates to holding companies and subsidiaries.

### Section 3. Severability Clause

If any provision of these regulations, or the application thereof to any person or circumstance, is held invalid, such invalidity shall not affect other provisions or applications of these regulations which can be given effect without the invalid provision or application, and to that end the provisions of these regulations are severable.

### Section 4. Forms - General Requirements

- A. Forms A, B, C, D, E, and F are intended to be guides in the preparation of the statements required by 8 V.S.A. chapter 101, subchapter 13. They are not intended to be blank forms which are to be filled in. The statements filed shall contain the numbers and captions of all items, but the text of the items may be omitted provided the answers thereto are prepared in such a manner as to indicate clearly the scope and coverage of the items. All instructions, whether appearing under the items of the form or elsewhere therein, are to be omitted. Unless expressly provided otherwise, if any item is inapplicable or the answer thereto is in the negative, an appropriate statement to that effect shall be made.
- B. ~~Three~~ Complete copies of each statement including exhibits and all other papers and documents filed as a part thereof, shall be filed with the Commissioner electronically, either by email or other electronic filing method specified by the Commissioner. ~~by personal delivery or mail addressed to: Insurance Commissioner of the State of Vermont, Department of Financial Regulation, 89 Main Street, Montpelier, VT 05620-3101.~~ At least one of the copies shall be a copy of a manually signed form that was signed in the manner prescribed on the form. Unsigned copies shall be conformed. If the signature of any person is affixed pursuant to a power of attorney or other similar authority, a copy of the power of attorney or other authority shall also be filed with the statement.
- C. If an applicant requests a hearing on a consolidated basis under 8 V.S.A. § 3683(f)(3) of the Act, in addition to filing the Form A with the Commissioner, the applicant shall file a copy of Form A with the National Association of Insurance Commissioners in electronic form.
- D. Statements should be prepared electronically. Statements shall be easily readable and suitable for review and reproduction. Debits in credit categories and credits in debit categories shall be designated so as to be clearly distinguishable as such on photocopies. Statements shall be in the English language and monetary values shall be stated in United States currency. If any exhibit or other paper or document filed with the statement is in a foreign language, it shall be accompanied by a translation into the English language and any monetary value shown in a foreign currency shall be converted into United States currency.

### Section 5. Forms – Incorporation by Reference, Summaries and Omissions

- A. Information required by any item of Form A, Form B, Form D, Form E, or Form



F may be incorporated by reference in answer or partial answer to any other item. Information contained in any financial statement, annual report, proxy statement, statement filed with a government authority, or any other document may be incorporated by reference in answer or partial answer to any item of Form A, Form B, Form D, Form E, or Form F provided such document is filed as an exhibit to the statement. Excerpts of documents may be filed as exhibits if the documents are extensive. Documents currently on file with the Commissioner which were filed within three (3) years need not be attached as exhibits.

References to information contained in exhibits or in documents already on file shall clearly identify the material and shall specifically indicate that such material is to be incorporated by reference in answer to the item. Matter shall not be incorporated by reference in any case where such incorporation would render the statement incomplete, unclear or confusing.

- B. Where an item requires a summary or outline of the provisions of any document, only a brief statement shall be made as to the pertinent provisions of the document. In addition to the statement, the summary or outline may incorporate by reference particular parts of any exhibit or document currently on file with the Commissioner which was filed within three (3) years and may be qualified in its entirety by such reference. In any case where two (2) or more documents required to be filed as exhibits are substantially identical in all material respects except as to the parties thereto, the dates of execution, or other details, a copy of only one of the documents need be filed with a schedule identifying the omitted documents and setting forth the material details in which such documents differ from the documents, a copy of which is filed. The Commissioner may at any time in his or her discretion require the filing of copies of any omitted documents.

## **Section 6. Forms – Information Unknown or Unavailable and Extension of Time to Furnish**

- A. If it is impractical to furnish any required information, document or report at the time it is required to be filed, there may be filed with the Commissioner a separate document:
- (1) Identifying the information, document or report in question;
  - (2) Stating why the filing thereof at the time required is impractical; and
  - (3) Requesting an extension of time for filing the information, document or report to a specified date. The request for extension shall be deemed granted unless the Commissioner within thirty (30) days after receipt thereof enters an order denying the request.

## **Section 7. Forms – Additional Information and Exhibits**

In addition to the information expressly required to be included in Form A, Form B, Form C, Form D, Form E, and Form F, the Commissioner may request such further material information, if any, as may be necessary to make the information contained therein not

misleading. The person filing may also file such exhibits as it may desire in addition to those expressly required by the statement. Such exhibits shall be so marked as to indicate clearly the subject matters to which they refer. Changes to Forms A, B, C, D, E, or F shall include on the top of the cover page the phrase: Change No.[insert number] to and shall indicate the date of the change and not the date of the original filing.

## **Section 8. Definitions**

- A. Executive officer means chief executive officer, chief operating officer, chief financial officer, president, vice president, treasurer, secretary, controller, and any other individual performing functions corresponding to those performed by the foregoing officers under whatever title.
- B. Ultimate controlling person means that person which is not controlled by any other person.
- C. Material transactions as set forth in 8 V.S.A. § 3685(f)(4) include, but are not limited to, transactions which result in an insurance company gaining control of another insurance company.
- D. All other terms used herein shall have the same meanings prescribed in 8 V.S.A. § 3681 unless the context otherwise requires. Other nomenclature or terminology is according to Vermont law applicable to insurance companies, or industry usage if not defined by Vermont law.

## **Section 9. Subsidiaries of Domestic Insurers**

The authority to invest in the types of subsidiaries set forth in 8 V.S.A. § 3682(a) is in addition to any authority to invest in subsidiaries as set forth in 8 V.S.A. § 3682(b) or as set forth in other provisions of Vermont law applicable to insurance companies.

## **Section 10. Acquisition of Control – Statement Filing**

A person required to file a statement pursuant to 8 V.S.A. § 3683 shall furnish the required information on Form A. Such person shall also furnish the required information on Form E, described in Section 13 of this regulation.

## **Section 11. Amendments to Form A**

The applicant shall, within seven days after it learns of any change in the information so furnished, advise the Commissioner of any changes in the information furnished on Form A arising subsequent to the date upon which such information was furnished, but prior to the Commissioner's disposition of the application.

## **Section 12. Acquisition of § 3683(a)(4) Insurer**

- A. If the person being acquired is a domestic insurer solely because of the provisions of 8 V.S.A. § 3683(a)(4), the name of the domestic insurer on the cover page should be indicated as follows:

ABC Insurance Company, a subsidiary of XYZ Holding Company.

- B. Where a § 3683(a)(4) insurer is being acquired, references to the insurer contained in Form A shall refer to both the domestic subsidiary insurer and the person being acquired.

### **Section 13. Pre-Acquisition Notification**

If a domestic insurer, including any person controlling a domestic insurer, is proposing a merger or acquisition pursuant to 8 V.S.A. § 3683(a)(1), that person shall file a pre-acquisition notification form, Form E, which was developed pursuant to 8 V.S.A. § 3683a(c)(1). Additionally, if a non-domiciliary insurer licensed to do business in this state is proposing a merger or acquisition pursuant to 8 V.S.A. § 3683a, that person shall file a pre-acquisition notification form, Form E. No pre-acquisition notification form need be filed if the acquisition is beyond the scope of 8 V.S.A. § 3683a as set forth in 8 V.S.A. § 3683a(b). In addition to the information required by Form E, the Commissioner may wish to require an expert opinion as to the competitive impact of the proposed acquisition.

### **Section 14. Registration of Insurers – Annual Statement Filing**

An insurer required to file a statement pursuant to 8 V.S.A. § 3684, Registration of insurers, shall furnish the required information on Form B.

### **Section 15. Summary of Registration – Statement Filing**

An insurer required to file an annual registration statement pursuant to 8 V.S.A. § 3684 is also required to furnish information required on Form C.

### **Section 16. Amendments to Form B**

- A. An amendment to Form B shall be filed within 15 days after the end of any month in which there is a material change to the information provided in the annual registration statement.
- B. Amendments shall be filed in the Form B format with only those items which are being amended reported. Each such amendment shall include at the top of the cover page Amendment No.(insert number) to Form B for (insert year) and shall indicate the date of the change and not the date of the original filings.

### **Section 17. Alternative and Consolidated Registration**

- A. Any authorized insurer may file a registration statement on behalf of any affiliated insurer or insurers which are required to register under 8 V.S.A. § 3684. A registration statement may include information regarding any insurer in the insurance holding company system even if such insurer is not authorized to do business in this State. In lieu of filing a registration statement on Form B, the authorized insurer may file a copy of the registration statement or similar report which it is required to file in its State of domicile, provided:
  - (1) the statement or report contains substantially similar information required to be furnished on Form B; and
  - (2) the filing insurer is the principal insurance company in the insurance holding company system.
- B. The question of whether the filing insurer is the principal insurance company in the insurance holding company system is a question of fact and an insurer filing a registration statement or report in lieu of Form B on behalf of an affiliated insurer, shall set forth a brief statement of facts which will substantiate the filing insurer's claim that it, in fact, is the principal insurer in the insurance holding company system.
- C. With the prior approval of the Commissioner, an unauthorized insurer may follow any of the procedures which could be done by an authorized insurer under paragraph (A) above.
- D. Any insurer may take advantage of the provisions of 8 V.S.A. § 3684(i) or § 3684(j) without obtaining the prior approval of the Commissioner. The Commissioner, however, reserves the right to require individual filings if he or she deems such filings necessary in the interest of clarity, ease of administration or the public good.

## **Section 18. Disclaimers and Termination of Registration**

- A. A disclaimer of affiliation pursuant to 8 V.S.A. § 3684(l) or a request for termination of registration pursuant to 8 V.S.A. § 3684(h) claiming that a person does not, or will not upon the taking of some proposed action, control another person (hereinafter referred to as the subject) shall contain the following information:
  - (1) the number of authorized, issued and outstanding voting securities of the subject;
  - (2) with respect to the person whose control is denied and all affiliates of such person, the number and percentage of shares of the subject's voting securities which are held of record or known to be beneficially owned, and

the number of such shares concerning which there is a right to acquire, directly or indirectly;

- (3) all material relationships and bases for affiliation between the subject and the person whose control is denied and all affiliates of such person;
- (4) a statement explaining why such person should not be considered to control the subject.

B. A request for termination of registration shall be deemed to have been granted unless the Commissioner, within 30 days after he received the request, notifies the registrant otherwise.

#### **Section 19. Transactions Subject to Prior Notice – Notice Filing**

A. An insurer required to give notice of a proposed transaction pursuant to 8 V.S.A. § 3685 shall furnish the required information on Form D.

B. Agreements for cost sharing services and management services shall at a minimum and as applicable:

- (1) Identify the person providing services and the nature of such services;
- (2) Set forth the methods to allocate costs;
- (3) Require timely settlement, not less frequently than on a quarterly basis, and compliance with the requirements in the NAIC Accounting Practices and Procedures Manual;
- (4) Prohibit advancement of funds by the insurer to the affiliate except to pay for services defined in the agreement;
- (5) State that the insurer will maintain oversight for functions provided to the insurer by the affiliate and that the insurer will monitor services annually for quality assurance;
- (6) Define ~~books and~~ records and data of the insurer to include all ~~books and~~ records and data developed or maintained under or related to the agreement that are otherwise the property of the insurer, in whatever form maintained, including, but not limited to, claims and claim files, policyholder lists, application files, litigation files, premium records, rate books, underwriting manuals, personnel records, financial records or similar records within the possession, custody or control of the affiliate;
- (7) Specify that all ~~books and~~ records and data of the insurer are and remain the property of the insurer, and;

(a) ~~are~~ Are subject to control of the insurer;

(b) Are identifiable; and

~~(7)~~ (c) Are segregated from all other persons' records and data, or are readily capable of segregation at no additional cost to the insurer;

(8) State that all funds and invested assets of the insurer are the exclusive property of the insurer, held for the benefit of the insurer and are subject to the control of the insurer;

(9) Include standards for termination of the agreement with and without cause;

(10) Include provisions for indemnification of the insurer in the event of gross negligence or willful misconduct on the part of the affiliate providing the services and for any actions by the affiliate that violate provisions of the agreement required in Subsections 19B(11), 19B(12), 19B(13), 19B(14) and 19B(15) of this regulation;

(11) Specify that, if the insurer is placed in supervision, seizure, conservatorship or receivership pursuant to receivership or seized by the Commissioner under 8 V.S.A. chapter 145:

(a) ~~all~~ All of the rights of the insurer under the agreement extend to the receiver or Commissioner to the extent permitted by 8 V.S.A. chapter 145 ~~[law]~~; and,

(b) All records and data of the insurer shall be identifiable, and segregated from all other persons' records and data or readily capable of segregation at no additional cost to the receiver or the Commissioner; all books and records will immediately be made available to the receiver or the Commissioner, and shall be turned over to the receiver or Commissioner immediately upon the receiver or the Commissioner's request;

(c) A complete set of all books and records and data of the insurer will immediately be made available to the receiver or the Commissioner, shall be made available in a usable format, and shall be turned over to the receiver or eCommissioner immediately upon the receiver or the Commissioner's request; and the cost to transfer data to the receiver or the eCommissioner shall be fair and reasonable; and,

~~(b)~~(d) The affiliated person(s) will make available all employees essential to the operations of the insurer and the services

associated therewith for the immediate continued performance of the essential services ordered or directed by the receiver or Commissioner;

- (12) Specify that the affiliate has no automatic right to terminate the agreement if the insurer is placed into supervision, seizure, conservatorship or receivership pursuant to 8 V.S.A. chapter 145; and
- (13) Specify that the affiliate will provide the essential services for a minimum period of time after termination of the agreement, if the insurer is placed into supervision, seizure, conservatorship or receivership pursuant to 8 V.S.A. chapter 145, as ordered or directed by the receiver or Commissioner. Performance of the essential services will continue to be provided without regard to pre-receivership unpaid fees, so long as the affiliate continues to receive timely payment for post-receivership services rendered, and unless released by the receiver, Commissioner or supervising court;
- (14) Specify that the affiliate will continue to maintain any systems, programs, or other infrastructure, notwithstanding supervision, seizure, conservatorship or receivership pursuant to 8 V.S.A. chapter 145, and will make them available to the receiver or Commissioner as ordered or directed by the receiver or Commissioner, for so long as the affiliate continues to receive timely payment for post-receivership services rendered, and unless released by the receiver, Commissioner or supervising court; and,
- (15) Specify that, in furtherance of the cooperation between the receiver and the affected guaranty association(s) and subject to the receiver's authority over the insurer, if the insurer is placed into supervision, seizure, conservatorship or receivership pursuant to 8 V.S.A. chapter 145, and portions of the insurer's policies or contracts are eligible for coverage by one or more guaranty associations, the affiliate's commitments under Subsections 19B(11), 19B(12), 19B(13) and 19B(14) of this regulation will extend to such guaranty association(s).

~~(13) Specify that the affiliate will continue to maintain any systems, programs, or other infrastructure notwithstanding a seizure by the Commissioner under 8 V.S.A. chapter 145, and will make them available to the receiver, for so long as the affiliate continues to receive timely payment for services rendered.~~

## **Section 20. Enterprise Risk Report**

The ultimate controlling person of an insurer required to file an enterprise risk report pursuant to 8 V.S.A. § 3684(m) shall furnish the required information on Form F.

## **Section 21. Group Capital Calculation**

A. A.—Where an insurance holding company system has previously filed the annual group capital calculation at least once, the lead state commissioner has the discretion to exempt the ultimate controlling person from filing the annual group capital calculation if the lead state commissioner makes a determination based upon that filing that the insurance holding company system meets all of the following criteria:

(1) ~~1.~~ Has annual direct written and unaffiliated assumed premium (including international direct and assumed premium), but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, of less than \$1,000,000,000;

(2) ~~2.~~ Has no insurers within its holding company structure that are domiciled outside of the United States or one of its territories;

(3) ~~3.~~ Has no banking, depository or other financial entity that is subject to an identified regulatory capital framework within its holding company structure;

(~~1~~)(4) ~~4.~~ The holding company system attests that there are no material changes in the transactions between insurers and non-insurers in the group that have occurred since the last filing of the annual group capital; and

(~~2~~)(5) ~~B.~~ The non-insurers within the holding company system do not pose a material financial risk to the insurer's ability to honor policyholder obligations.

B. Where an insurance holding company system has previously filed the annual group capital calculation at least once, the lead state commissioner has the discretion to accept in lieu of the group capital calculation a limited group capital filing if:

(1) ~~(1)~~ The insurance holding company system has annual direct written and unaffiliated assumed premium (including international direct and assumed premium), but excluding premiums reinsured with the Federal Crop Insurance Corporation and Federal Flood Program, of less than \$1,000,000,000; and all of the following additional criteria are met:

(a) ~~(a)~~ Has no insurers within its holding company structure that are domiciled outside of the United States or one of its territories;


(b) ~~(b)~~ Does not include a banking, depository or other financial entity that is subject to an identified regulatory capital framework; and

(c) ~~(c)~~ The holding company system attests that there are no material changes in transactions between insurers and non-insurers in the group that have occurred since the last filing of the report to the lead state commissioner and the non-insurers within the holding company system do not pose a material financial risk to the insurers ability to



honor policyholder obligations.

C. ~~C.~~ For an insurance holding company that has previously met an exemption with respect to the group capital calculation pursuant Section 21A or 21B of this regulation, the lead state commissioner may require at any time the ultimate controlling person to file an annual group capital calculation, completed in accordance with the NAIC Group Capital Calculation Instructions, if any of the following criteria are met:

- (1) ~~(1)~~ Any insurer within the insurance holding company system is in a Risk-Based Capital action level event as set forth in 8 V.S.A. chapter 159, Risk Based Capital for Insurers, or a similar standard for a non-U.S. insurer; or
- (2) ~~(2)~~ Any insurer within the insurance holding company system meets one or more of the standards of an insurer deemed to be in hazardous financial condition as defined in Regulation I-1993-02 (Revised), Defining Standards and Commissioner's Authority for Companies Deemed to Be in Hazardous Financial Condition; or
-   
~~(1)(3)~~ (3) Any insurer within the insurance holding company system otherwise exhibits qualities of a troubled insurer as determined by the lead state commissioner based on unique circumstances including, but not limited to, the type and volume of business written, ownership and organizational structure, federal agency requests, and international supervisor requests.

D. ~~D.~~ A non-U.S. jurisdiction is considered to "recognize and accept" the group capital calculation if it satisfies the following criteria:

- (1) ~~(1)~~ With respect to 8 V.S.A. § 3684(m)(2)(D)
  - (a) ~~a.~~ The non-U.S. jurisdiction recognizes the U.S. state regulatory approach to group supervision and group capital, by providing confirmation by a competent regulatory authority, in such jurisdiction, that insurers and insurance groups whose lead state is accredited by the NAIC under the NAIC Accreditation Program shall be subject only to worldwide prudential insurance group supervision including worldwide group governance, solvency and capital, and reporting, as applicable, by the lead state and will not be subject to group supervision, including worldwide group governance, solvency and capital, and reporting, at the level of the worldwide parent undertaking of the insurance or reinsurance group by the non-U.S. jurisdiction; or
  - (b) Where no U.S. insurance groups operate in the non-U.S. jurisdiction, that non-U.S. jurisdiction indicates formally in writing to the lead state with a copy to the International Association of Insurance Supervisors that the group capital calculation is an acceptable international capital standard. This will serve as the documentation otherwise required in

Section 21D(1)(a).

~~(1)(2)~~ ~~(2)~~ The non-U.S. jurisdiction provides confirmation by a competent regulatory authority in such jurisdiction that information regarding insurers and their parent, subsidiary, or affiliated entities, if applicable, shall be provided to the lead state commissioner in accordance with a memorandum of understanding or similar document between the commissioner and such jurisdiction, including but not limited to the International Association of Insurance Supervisors Multilateral Memorandum of Understanding or other multilateral memoranda of understanding coordinated by the NAIC. The commissioner shall determine, in consultation with the NAIC Committee Process, if the requirements of the information sharing agreements are in force.

E. ~~E.~~ A list of non-U.S. jurisdictions that “recognize and accept” the group capital calculation will be published through the NAIC Committee Process:

- (1) ~~(1)~~ A list of jurisdictions that “recognize and accept” the group capital calculation pursuant to 8 V.S.A. § 3684(m)(2)(D), is published through the NAIC Committee Process to assist the lead state commissioner in determining which insurers shall file an annual group capital calculation. The list will clarify those situations in which a jurisdiction is exempted from filing under 8 V.S.A. § 3684(m)(2)(D). To assist with a determination under 8 V.S.A. § 3684(m)(2)(E), the list will also identify whether a jurisdiction that is exempted under either 8 V.S.A. § 3684(m)(2)(C) or 8 V.S.A. § 3684(m)(2)(D) requires a group capital filing for any U.S. based insurance group’s operations in that non-U.S. jurisdiction.
- (2) ~~(2)~~ For a non-U.S. jurisdiction where no U.S. insurance groups operate, the confirmation provided to meet the requirement of Section 21D(1)(b) will serve as support for recommendation to be published as a jurisdiction that “recognizes and accepts” the group capital calculation through the NAIC Committee Process.
- (3) ~~(3)~~ If the lead state commissioner makes a determination pursuant to 8 V.S.A. § 3684(m)(2)(D) that differs from the NAIC List, the lead state commissioner shall provide thoroughly documented justification to the NAIC and other states.
- (4) ~~(4)~~ Upon determination by the lead state commissioner that a non-U.S. jurisdiction no longer meets one or more of the requirements to “recognize and accept” the group capital calculation, the lead state commissioner may provide a recommendation to the NAIC that the non-U.S. jurisdiction be removed from the list of jurisdictions that “recognize and accepts” the group capital calculation.

**Section ~~21~~22. Extraordinary Dividends and Other Distributions**

- A. Requests for approval of extraordinary dividends or any other extraordinary distribution to shareholders shall include the following:
- (1) the amount of the proposed dividend;
  - (2) the date established for payment of the dividend;
  - (3) a statement as to whether the dividend is to be in cash or other property and, if in property, a description thereof, its costs, and its fair market value together with an explanation of the basis for valuation;
  - ~~(4)~~ (5) a copy of the calculations determining that the proposed dividend is extraordinary. The work paper shall include the following information:
    - (i) The amounts, dates and form of payment of all dividends or distributions (including regular dividends but excluding distributions of the insurer's own securities) paid within the period of 12 consecutive months ending on the date fixed for payment of the proposed dividend for which approval is sought and commencing on the day after the same day of the same month in the last preceding year.
    - (ii) Surplus as regards policyholders (total capital and surplus) as of the 31st day of December next preceding;
    - (iii) If the insurer is a life insurer, the net gain from operations for the 12-month period ending the 31st day of December next preceding;
    - (iv) If the insurer is not a life insurer, the net income less realized capital gains for the 12-month period ending the 31st day of December next preceding and the two preceding 12-month periods; and
    - (v) If the insurer is not a life insurer, the dividends paid to stockholders excluding distributions of the insurer's own securities in the preceding two calendar years.
  - ~~(4)~~ (5) a balance sheet and statement of income for the period intervening from the last annual statement filed with the Commissioner and the end of the month preceding the month in which the request for dividend approval is submitted;
  - ~~(5)~~ (6) a brief statement as to the effect of the proposed dividend upon the insurer's surplus and the reasonableness of surplus in relation to the insurer's outstanding liabilities and the adequacy of surplus relative to the insurer's financial needs.

- B. Subject to 8 V.S.A. § 3685(c), each registered insurer shall report to the Commissioner all dividends and other distributions to shareholders within 15 business days following the declaration thereof, including the same information required by subsections A(4)~~(i)(v)~~ of this section.

### **Section ~~222~~3. Adequacy of Surplus**

The factors set forth in 8 V.S.A. § 3685(b) are not intended to be an exhaustive list. In determining the adequacy and reasonableness of an insurer's surplus no single factor is necessarily controlling. The Commissioner instead will consider the net effect of all of these factors plus other factors bearing on the financial condition of the insurer. In comparing the surplus maintained by other insurers, the Commissioner will consider the extent to which each of these factors varies from company to company and in determining the quality and liquidity of investments in subsidiaries, the Commissioner will consider the individual subsidiary and may discount or disallow its valuation to the extent that the individual investments so warrant.

### **Section ~~232~~4. Effective Date**

A. This ~~regulation-rule~~ shall become effective ~~December 25, 2014~~\_\_\_\_\_.

~~A.B.~~ ~~Prior versions of this rule became effective December 25, 2014; and June, 1993.~~



**State of Vermont**  
**Agency of Administration**  
**Office of the Secretary**  
Pavilion Office Building  
109 State Street  
Montpelier, VT 05609-0201  
[www.aoa.vermont.gov](http://www.aoa.vermont.gov)

[phone] 802-828-3322

*Sarah Clark, Secretary*

**Interagency Committee On Administrative Rules (ICAR) Agenda**  
**Monday, April 14, 2025, 2:00 p.m.**

To attend virtually via Microsoft Teams, please [click here to join the meeting](#) for full meeting audio and visual. Meeting ID: 282 984 788 735#, Passcode: JjjPWe. If you require a call-in option to participate (e.g., the computer does not have a microphone), dial 802-828-7667 and enter Phone Conference ID: 156 936 945#.

Effective July 1, 2024, meetings will be held electronically per [S.55](#) signed into law by Governor Scott on May 30, 2024.

- Welcome
- Review and approval of the [minutes](#) from the March 10, 2025 meeting
- Note any additions or deletions from the agenda
- Public comment
- Presentation of the following proposed rule:
  - 1) Insurance Holding Company Systems, Department of Financial Regulation
    - a) The modifications to the rule reflect changes adopted by the National Association of Insurance Commissioners (NAIC) to the widely-adopted model rule established by the NAIC. Consistency with the NAIC model rule is important for Vermont to maintain its accreditation by the NAIC. A consistent rule also makes compliance easier for insurance holding companies because the rule is consistent with requirements adopted across the country. Alternatives to the changes in the rule, or not having a rule, would make compliance more difficult because it could impose unique requirements on insurers, or it could result in additional burdens on domestic Vermont insurers if the Department did not maintain its NAIC accreditation and other states could not accept the Department's regulation of domestic Vermont insurers.
- Other business
- Next meeting date: Monday, May 12, 2025 at 2:00 p.m.
- Adjournment

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**State of Vermont**  
**Department of Financial Regulation**  
89 Main Street  
Montpelier, VT 05620-3101

For consumer assistance:  
[Banking] 888-568-4547  
[Insurance] 800-964-1784  
[Securities] 877-550-3907  
**[www.dfr.vermont.gov](http://www.dfr.vermont.gov)**

June 25, 2025

**Re: Public Comments and Responsiveness Summary for Dept. of Financial Regulation  
Insurance Holding Company System Rule, 25P017**

The Department of Financial Regulation (“DFR”) is proposing a revision to DFR’s Insurance Holding Company Systems Rule. DFR made the proposed rule filing with the Secretary of State on May 9, 2025, and the filing was posted May 14, 2025. DFR held a public comment hearing for the rule on June 13, 2025. DFR continued to accept any public comment through June 20, 2025.

To date, DFR has not received any public comments on the rule, either in writing or at the public comment hearing. DFR did not make any changes to the rule between the proposed rule filing and the final proposed rule filing.

Sincerely,

Russ McCracken  
Assistant General Counsel  
Department of Financial Regulation



# Interagency Committee on Administrative Rules (ICAR) Minutes

**Date/Time:** April 14, 2025, 2:00 PM

**Location:** Virtually via Microsoft Teams

**Members Present:** Diane Sherman (acting as Chair), Jared Adler, Jennifer Mojo, John Kessler, Michael Obuchowski, and Nicole Dubuque

**Members Absent:** Chair Nick Kramer, and Natalie Weill

**Minutes By:** Melissa Mazza-Paquette

- ▶ 2:00 p.m. meeting called to order.
- ▶ Review and approval of minutes from the [March 10, 2025 meeting](#).
- ▶ No additions/deletions to agenda. Agenda approved as drafted.
- ▶ No public comments made.
- ▶ Presentation of the following Proposed Rule with recommended changes on following page:
  - 1) Insurance Holding Company Systems, Department of Financial Regulation
- ▶ Next scheduled meeting is May 12, 2025 at 2:00 p.m.
- ▶ 2:16 p.m. meeting adjourned.

**To receive this information in an alternative format or for other accessibility requests, please contact:**

Melissa Mazza-Paquette  
Agency of Administration  
ADM.Secretary@vermont.gov, 802-828-3322

# Vermont Agency of Administration

**Proposed Rule:** Insurance Holding Company Systems, Department of Financial Regulation

**Presented By:** Russ McCracken and Dan Raddock

Motion made to accept the rule by John Kessler, seconded by Mike Obuchowski, and passed unanimously except for Diane Sherman who abstained, with the following recommendations:

- 1) Proposed Filing – Coversheet, #12 and Economic Impact Analysis, #3: Include more detail on the minimum economic impact on entities related to additional compliance costs.
- 2) Public Input Maximization Plan, #3: Include an option to obtain a hard copy, such as the Department's mailing address or phone number.