

CONFIDENTIAL
LEGISLATIVE BILL REVIEW FORM: 2016

Bill Number: H.538 Name of Bill: An act relating to captive insurance companies

Agency/ Dept: Financial Regulation Author of Bill Review: David Provost

Date of Bill Review: 04/06/2016 Related Bills and Key Players None

Status of Bill: (check one): ☐ Upon Introduction ☐ As passed by 1st body ☒ As passed by both

Recommended Position:

☒ Support ☐ Oppose ☐ Remain Neutral ☐ Support with modifications identified in #8 below

Analysis of Bill

1. **Summary of bill and issue it addresses.** *This bill allows additional types of captives to file their financial statements on a fiscal year basis. It also allows additional types of captives to enter a dormant state. Provisions related to cell companies allow cells to be transferred, sold, assigned, or converted into stand-alone captives without affecting the rights or obligations of the cell. Last, it refines recently-enacted governance standards for Risk Retention Group captives.*
2. **Is there a need for this bill?**
Yes, the bill addresses minor issues for a variety of companies and provides a clear statutory path for cell company changes. It also enhances the prudent regulation of risk retention groups
3. **What are likely to be the fiscal and programmatic implications of this bill for this Department?**
None expected
4. **What might be the fiscal and programmatic implications of this bill for other departments in state government, and what is likely to be their perspective on it?**
None expected
5. **What might be the fiscal and programmatic implications of this bill for others, and what is likely to be their perspective on it?**
None expected
6. **Other Stakeholders:**
 - 6.1 **Who else is likely to support the proposal and why?** *The proposal is supported by the Vermont Captive Insurance Association*
 - 6.2 **Who else is likely to oppose the proposal and why?** *No opposition is anticipated*

Please return this bill review as a Microsoft Word document to Jahala.Dudley@vermont.gov & Jessica.Mishaan@vermont.gov

7. **Rationale for recommendation:** *Bill is favored by the captive insurance industry and the Department of Financial Regulation. It provides appropriate flexibility for captive insurance company operations, does not harm consumers, carries no implementation costs for the department or the insurer, and enhances Vermont's premier position in the captive insurance industry.*

8. **Specific modifications that would be needed to recommend support of this bill:** *None needed.*

9. **Will this bill create a new board or commission AND/OR add or remove appointees to an existing one? If so, which one and how many?** *No.*

Secretary/Commissioner has reviewed this document: *Susan F. Young* **Date:** *4/7/16*