

Vermont Department of Financial Regulation

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PRIVATE PASSENGER & COMMERCIAL AUTO REQUIREMENTS

PLEASE NOTE: this is not a comprehensive list of Vermont requirements. Filers should also review Vermont statutes, regulations and bulletins before submitting a filing.

Policy Provision	Reference	Comments
After Market Parts: Permitted	Department Requirement	Must meet standards of original parts.
Alcohol/Drugs	Department Requirement	Acts committed under the influence of alcohol or drugs may not be excluded in Vermont.
Appeals: Limit of Liability may be waived	8 V.S.A. § 4203	The Company has unlimited liability should they appeal a case without the Insured's consent.
Applications	8 V.S.A. § 3541 and § 4205	Applications need not be filed with DFR unless they are made part of the policy. Incorrect statements on the application shall not bar the right to recovery unless it was meant to deceive or unless it materially affected either the acceptance of the risk or the hazard assumed by the insurer.
Appraisal	Department Requirement	Binding appraisal is not permitted if the process can be demanded unilaterally, as it may deprive the insured access to the judiciary system. Binding appraisal is approvable only if both parties agree to the appraisal process.
Auto Med Pay Insuring Agreement	Department Requirement	With respect auto medical payments, the Department approves medical payment provisions that include coverage for expenses for services rendered if the expenses are incurred within 3 years of the accident date.
Autopsy	Department Requirement	The Department prohibits any claims provisions in which an autopsy might be

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		required as this could potentially be an infringement of a person’s religious beliefs and/or rights. However, if the following statement is added, then it would be acceptable: “... unless the law or your religion forbids it.”
Bankruptcy Provision	8 V.S.A. § 4203	Bankruptcy of the Insured cannot relieve the company of their liability.
Binding Arbitration/Binding Appraisal	Department Requirement	Mandatory binding arbitration or appraisal is not permitted if the process can be demanded unilaterally, as it deprives the Insured access to the judiciary system. Both parties must agree to arbitration or appraisal at the onset or beginning of the process. If the carrier is going to utilize the American Arbitration Association, they are required to use consumer rules to resolve the dispute.
Cancellation, Non-Renewal, Renewal	<u>Personal Auto</u> 8 V.S.A. § 4223-4226 <u>Commercial Auto</u> 8 V.S.A. §4711-4715	Please refer to the referenced statutes.
Civil Union Requirements	Bulletin 127	Refer to the referenced Bulletin.
Cosmetic Damage Exclusion	8 V.S.A §3542	Exclusions for damages that do not “compromise the structural integrity” or “mechanical function” of a vehicle are not permitted. Examples of such exclusions include marring, pitting, scratches, scrapes, chips and dents.
Credit Information	<u>Personal Auto</u> 8 V.S.A §4727	Pursuant to Title 8, Section 4727(j), insurers that use insurance scores to underwrite and rate risks for “personal insurance” must file their scoring models, or other scoring processes, with the Department of Financial Regulation. Any scoring models related to credit information and subject to the requirements of Title 8,

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		Section 4727 are considered trade secret and are not subject to disclosure under Vermont’s Public Records Act. Please also refer to the SERFF Supporting Documentation Tab for additional requirements.
Discounts	<u>Personal Auto Regulation 78-1; S2</u>	Insureds must be advised of all available discounts for Personal Auto policies. The notice must read: “NOTICE OF AVAILABILITY OF DISCOUNTS”. Examples of these include but are not limited to discounts for automatic braking systems, multi-car policies, daytime running lights, UBI programs etc.
Filing Standards: Prior Approval and Policy Forms	Regulation I-2010-03	Forms must be submitted at least 30 calendar days prior to their proposed effective date.
Fraud or Material Misrepresentation— Restrictions on Voiding a Policy	<u>Personal Auto 8 V.S.A §3879</u> <u>Commercial Auto 8 V.S.A §4711</u>	Please refer to the referenced Statutes. If a policy is obtained through fraud or material misrepresentation, that policy may be voided. If this occurs after the effective date, the company may only deny the claim on that basis but may have grounds for cancellation.
Fraud Statement on Application	<u>Personal Auto 8 V.S.A §4205</u> <u>Commercial Auto 8 V.S.A §4205</u>	Acceptable to use the following warning: “Notice to Vermont Applicants: Any person who knowingly presents a false statement in an application for insurance may be guilty of a criminal offense and subject to penalties under state law.”
Financial Responsibility	Department Requirement	When a policy is certified as proof of insurance, we do not allow a requirement that the insured reimburse any payments made by the company.
Intra-Family Exclusions	Department Requirement	We do not allow any intra-insured or intra-family exclusions regarding motor vehicle liability.
Liberalization Clause		Not Required
Loss Settlement and Payment Conditions	Regulation 79-2; S6	Please refer to the referenced Regulation.

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Mold	Bulletin 141 Mold Limitation, Exclusion Filing Guidelines	Please refer to the referenced Bulletin 141 and relate guideline VT DFR website.
Minimum Bodily Injury Limits	23 V.S.A § 800	Statutory Minimum Limits: \$25,000 per person/ \$50,000 per accident.
Named Driver Exclusion	23 V.S.A § 800	The exclusion of a Named Driver is prohibited. Coverage for the Named Driver may be limited to statutory limits.
Notice/Disclosure Requirements	Regulation 78-1; S1	Insured must be given written notice when coverage has been modified or eliminated.
Permissive Driver/Regular Operator	8 V.S.A §3542	We do not allow exclusions or limitations of coverage for permissive drivers. The department also does not allow carriers to define “regular operator” within the policy for the purposes of establishing material misrepresentation by the insured.
Pollution Liability	<u>Personal Auto</u> Department Requirement <u>Commercial Auto</u> Revised Bulletin 111	Pollution may not be excluded in any Personal Lines policies. Please refer to the referenced Bulletin for Commercial Lines policies.
Punitive or Exemplary Damages	Bulletin 139	Please refer to the referenced Bulletin.
Racing Exclusions: Limitations	Department Requirement	Exclusions for “racing” or “contests” may only apply to “organized” events of this type.
Rate Filings: Open Competition, Use and File	8 V.S.A § 4688 Regulation I- 2010-03 Bulletin 99	Rates filings are submitted on a “use and file” basis. Filings must be received within 15 days of the effective date. Rate filings must include an actuarial memorandum and supporting information. Please refer to the SERFF Supporting Documentation Tab for a more detailed description of the supporting information.

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		Underwriting criteria that are used to place an insured in a rating tier or otherwise affect the rating of a policy must be filed with the Department.
Rate Stability Rules	Department Requirement	Please refer to the “Vermont Guidelines for Rate or Premium Stability Rules” under the SERFF Supporting Documentation Tab.
Rating Plan Requirements	8 V.S.A. Chapter 128	Requirements of various premium tiers must be provided and must be mutually exclusive. Rate/rule filings must include complete actuarial support as described in SERFF.
Readability	Regulation I- 2010-03	Flesch score minimum is 40, not less than 10-point type, one point leaded.
Social Host Liability	Bulletin 136	Please refer to the referenced Bulletin.
Surcharges	<u>Personal Auto</u> 8 V.S.A Chapter 127 and § 4203(5)(6) <u>Commercial Auto</u> § 4203(5)(6) Bulletin 55	Please refer to the “Guidelines for the Use of Experience or Record in Personal Auto Rates” under the SERFF Supporting Documentation Tab.
Territory Definitions	Department Requirement	Must be defined in the filing, with actuarial backup for each.
Tobacco, tobacco products, electronic cigarettes, e-cigarettes, such as vaping	Department Requirement	May not be excluded.
TRIA	For further details related to the Act, please consult the Act itself.	Refer to the Terrorism Risk Insurance Program Reauthorization Act of 2019 amending and extending the Terrorism Risk Insurance Act of 2002 (the Act) by reauthorization, which may require insurers to submit a filing in this state of disclosure

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		notices, policy language, and applicable rates as a result of the Act.
Underwriting Guidelines	Regulation I-2010-03	Underwriting criteria that are used to determine the acceptability of a risk are not required to be filed unless they relate to the standards for placing an applicant within a particular rating tier or otherwise affect the rating of the policy.
Uninsured/Underinsured Motorist	23 V.S.A § 941	Please refer to the referenced Statute. Mandatory on all policies providing auto liability coverage, including Umbrella Policies. Regardless of the insured's UM/UIM limits choices on the underlying policy, the umbrella must provide either the umbrella policy limit or a reduced limit option down to a minimum requirement of \$50,000/\$100,000 BI limit as selected by the insured.
UMPD Reminder	23 V.S.A., § 941, §942 and §943	The department provided guidance for coverage related to rental vehicles. The guidance is in the SERFF Supporting Document Tab.
UMPD- Declaration Page Footnote	<u>Personal Auto</u> 23 V.S.A., § 941(a)	Pursuant to Title 23, §941 (a)... "The coverage for property damages shall be sufficient to indemnify a claim for damages to which the claimant is legally entitled of no more than \$10,000.00 per claim, subject to a \$150.00 deductible; provided, however, to the extent that other direct damage coverage is valid and collectible: (1) this deductible shall not apply to a claimant who is otherwise insured for direct damages to his or her motor vehicle, in which case: (A) the coverage for property damages provided in this section shall be applied, without deductible, to pay the deductible of the other direct damage coverage;" Please add a footnote on the declaration page to notify insured that the \$150 deductible is not required for an Uninsured

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		/ Underinsured property damage claim if the insured has direct damage coverage.
Usual & Customary	8 V.S.A §3542	We will not accept the use of “usual and customary charges”. The Department views Medical Payments Coverage as emergent services coverage needed as the result of an automobile accident. The Department accepts a “reasonable and necessary” medical expense standard.
Vermont Amendatory Endorsement(s)	Regulation I- 2010-03, Section 7(I)	If a requirement is satisfied in a previous filing and that filing contains an amendatory endorsement. Please provide a copy of the endorsement in the Supporting Documentation for the SERFF filing.