

[Department of Banking, Insurance, Securities & Health Care Administration]

**REGULATION 95-3 Rules Governing Non-profit Corporation
Workers' Compensation Programs**

Sept. 1, 1995

S 1

This regulation is promulgated pursuant to and in accordance with the provisions of Title 21 Section 687a of the Vermont Statutes Annotated. Its purpose is to establish rules, forms, and procedures relating to the administration and operation of any nonprofit corporation formed by an association in existence in Vermont for 5 or more continuous years for the purpose of securing workers' compensation and employer's liability insurance for employees of participating association member employers, for participating association member employers, for employees of the association, and for the association itself; to expedite approval of complying plans of operation; to provide for the fiscal integrity of agreements entered into under 21 V.S.A. 687a; and to provide that trade, market, and claim practices engaged in by such corporations are equitable, fair, consistent, and in compliance with Vermont workers' compensation laws and regulations.

Systems, processes and procedures implementing the regulations governing intermunicipal insurance agreements authorized by subchapter 6 of chapter 121 of Title 24 and captive insurance companies chartered under chapter 141 of Title 8, to the extent applicable, may be utilized by the Commissioner in regulating workers' compensation programs subject to this regulation.

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A. Actuary or Approved Actuary means a person who is not an employee of the corporation, who is a member of the Casualty Actuarial Society, who has been approved by the Commissioner and who has experience in the area of self-insured workers' compensation programs. The actuary must apply to the Department to be placed upon the approved list and have demonstrated expertise and experience in workers' compensation self insurance to the satisfaction of the Commissioner.

B. Administrator means the individual, partnership, corporate or other entity authorized to serve as a representative of the corporation in carrying out the policies of the corporation's board and managing the corporation's activities.

C. Association means an association which has seen in existence in Vermont for five or more continuous years which has chosen to establish a nonprofit corporation for purposes in accordance with 21 V.S.A. 687a.

D. Board means the Board of Directors or other governing authority of the corporation selected by its members pursuant to the Member Agreement and the Bylaws, and in accordance with 21 V.S.A. 687a and 11 V.S.A. chapter 19.

E. Commissioner means the Commissioner of the Department of Banking, Insurance, and Securities of the State of Vermont.

F. Contribution means money, or a money equivalent approved by the Commissioner, required of a corporation member for the purpose of distributing, sharing, or pooling workers compensation risks in a nonprofit corporation's workers' compensation program.

G. Corporation means a nonprofit corporation established in accordance with 21 V.S.A. 687a and 11 V.S.A. chapter 19.

H. Department means the Vermont Department of Banking, Insurance and Securities.

I. Excess funds means funds in excess of Reserves, Surplus and the capital necessary to fund the general operation of the corporation, as set forth in Section 14.

J. Fiscal integrity means the economic soundness and fairness of a nonprofit corporation's workers' compensation program.

K. Member means a Vermont employer which has membership rights in a nonprofit corporation established in accordance with 21 V.S.A. 687a and 11 V.S.A. chapter 19.

L. Member Agreement means the written contract between a corporation member and the corporation, in addition to the corporation's bylaws, setting forth the conditions of membership in the corporation, and the obligations of each member to the other members.

M. Program or Workers' Compensation Program means the program of workers' compensation and employer's liability insurance, self insurance, risk management or combination thereof offered by the corporation, in accordance with 21 V.S.A. 687a, to its members and to the association.

N. Reserves means capital set aside for payment of claims and claims-related expenses, as set forth in Section 11.

O. Service agent or Agent means any individual, partnership, corporation or other entity that may provide any or all of the services necessary to create or maintain an approved corporation's program, including but not limited to claims adjustment, safety engineering, compilation of statistics, the preparation and collection of contribution payments, loss reports and the administration of a claims fund.

P. Surplus, as set forth in Section 10, means fund balance in excess of organization and ongoing general operation costs, and in excess of Reserves.

Q. Trade, marketing and claim practices means the methods employed by the corporation in advertising, promoting, selling, administering and managing its insurance program to and for its members and prospective members, and the corporation's treatment of any employee of a member or of the association or any claimant with respect to the members' or the association's obligations under 21 V.S.A. chapter 9.

R. Workers' Compensation Program Contract means the written contract between a corporation member and the corporation setting forth the terms of the Workers' Compensation Program.

S 3

A. An association which has been in existence in Vermont for five or more continuous years may establish and maintain a nonprofit corporation to secure workers' compensation insurance for employees of participating association member employers and/or for employees of the association itself, by self insurance, by obtaining or effecting insurance from any insurer authorized to transact business in this state as an admitted or surplus lines carrier, or by obtaining and effecting insurance secured in accordance with any other method provided by law, or by combination of the provisions of this section for obtaining and effecting insurance. Any insurance obtained or effected through a surplus lines carrier shall be accomplished in accordance with the requirements of 8 V.S.A. chapter 138.

The corporation shall not accept funds from any corporation member for the purpose of distributing, sharing, or pooling any risk until the corporation's Plan of Operation together with all contracts, agreements, and any other documents underlying or implementing the plan, have been filed with and approved by the Commissioner. The corporation shall supplement the application for approval with all amendments to any such documents and obtain approval of such amendments.

All Members of the corporation must be Vermont employers. An application for approval shall be verified by oath or affidavit of at least one member of the Board.

B. The application for approval of a Plan of Operation and underlying or implementing documentation shall be submitted in a form determined by the Commissioner, and shall be accompanied by the following:

- (1) The Plan of Operation;
- (2) Certified articles of incorporation of the corporation, including the name and address of the corporation's registered agent, and any amendments thereto;
- (3) Bylaws of the corporation;
- (4) The Member Agreement forms;

- (5) The Workers' Compensation Program Contract forms;
- (6) Proposed insurance and reinsurance contracts;
- (7) Designation of the Board and the initial or interim Administrator of the corporation, together with biographical information for each member of the Board and the Administrator, or if the Administrator is a corporate entity, biographical information for each officer of such corporate entity;
- (8) An Actuarial feasibility study prepared by an actuary;
- (9) If a Service Agent is used, copies of all contracts between the corporation and the Service Agent, the Service Agent's fidelity bond issued to the corporation covering all Service Agent employees in an amount sufficient to protect all monies administered by the Service agent. The fidelity bond shall be issued by an insurer or surety licensed to transact such business in the state of Vermont, or by a surplus lines insurer in accordance with the requirements of chapter 138 of Title 8;
- (10) The Vermont address where the books and records of the corporation will be maintained at all times;
- (11) Any other information that the Commissioner deems appropriate.

C. The Plan of Operation shall consist of two components: the financial program and the operational program.

- (1) The financial program shall set forth:
 - (a) The coverages to be offered to the member by the corporation, the Member Agreement and the Workers' Compensation Program Contract, drafted in accordance with Sections 6 and 7 of this regulation, the applicable deductible levels, if any, and the maximum liability which the corporation will retain on an annual occurrence and aggregate basis;
 - (b) A composite list of the estimated annual gross contributions to be paid by each member of the corporation;
 - (c) The aggregate claims reserve amount;
 - (d) The amount of specific excess insurance to be purchased and maintained by the corporation;

(e) The amount of aggregate excess insurance to be purchased and maintained by the corporation;

(f) Pro-forma financial projections for the first 5 years of operation, including income statements, balance sheets and projected cash flow statements; and

(g) The identification and description of reserves for the self insurance coverages provided to members.

(2) The operational program shall, at a minimum, provide for the following:

(a) The standards and procedures for permitting association members to become corporation members;

(b) The method by which the Board shall fix contributions to the corporation, maintain reserves, levy and collect assessments for deficiencies, dispose of surpluses, and administer the corporation in the event of termination or insolvency;

(c) The method for establishing the annual contributions of Members;

(d) A description of underwriting practices;

(e) A description of trade, marketing and claim practices, including a statement that claims handling practices will adhere to the requirements of 8 V.S.A. 4723, 4724 and regulations promulgated thereunder, and all applicable workers' compensation law, including regulations promulgated by the Department of Labor and Industry, and biographies describing the experience and qualifications of persons who shall market or manage the insurance program;

(f) A description of the loss prevention and safety engineering programs;

(g) The procedure for handling the termination of individual memberships in the corporation, including provisions for refunding member contributions;

(h) The procedure for voluntary dissolution of the corporation and the procedure for the distribution of assets in the event of dissolution;

(i) The investment program and guidelines to be employed in making investments;

(j) The procedure for handling a deficit position of the corporation's program; and

(k) Such other information as the Commissioner may require.

D. If, after reviewing the corporation's Plan of Operation, underlying or implementing documents, and other required information, the Commissioner is satisfied that the application is complete, that the corporation's financial condition and method of operation are such that the corporation may reasonably be expected to meet the obligations which it seeks to undertake, that such obligations include actual risk assumption or risk pooling, that disclosure to its members and potential members is adequate, that participation in the program will permit compliance with Vermont workers' compensation laws and regulations, and that all documents and forms required pursuant to Section 3 of these regulations are fair and reasonable, the Commissioner shall issue approval of the corporation's Plan of Operation and its underlying or implementing documents. The Commissioner shall act on the application within 90 days of the date that the Commissioner deems the application complete.

E. The Commissioner may exempt corporations which do not involve risk sharing from any or all of the requirements of Section 3.

S 4

A. The Commissioner may suspend or withdraw approval of a corporation's Plan of Operation and its underlying or implementing documents for:

(1) Insolvency of the corporation or impairment of the corporation's capital or surplus;

(2) Refusal or failure by the corporation to comply with annual filing requirements as set forth in Section 15 of this regulation, or any other report or statement required by law or by lawful order of the Commissioner;

(3) Failure by the corporation to comply with the provisions of its own charter or bylaws;

(4) Failure by the corporation to submit to examination or any legal obligation relative thereto;

(5) Refusal or failure by the corporation to pay the cost of examination as required by Section 16 of this regulation;

(6) Use of methods that, although not otherwise specifically prohibited by law, nevertheless render the corporation's operation detrimental or its condition unsound with respect to the public or to its members;

(7) Failure by the corporation to otherwise comply with the laws of this state.

Any hearing shall be held in accordance with chapter 25 of Title 3.

B. Involuntary dissolution, reorganization, or receivership of a corporation shall be accomplished in accordance with 8 V.S.A. chapter 145.

C. Before suspension or withdrawal of approval of a corporation's Plan of Operation and its underlying or implementing documents, the Commissioner shall give at least 10 days notice to the corporation unless the Commissioner determines that the public welfare requires a shorter period. The notice shall be served personally, or by certified or registered mail, to the corporation's registered agent and shall state the reasons for the proposed suspension or withdrawal of approval and provide the corporation with an opportunity to introduce evidence and be heard. If approval is suspended or withdrawn after a hearing, such action shall include an Order to Cease and Desist and shall become effective immediately. The Commissioner may stay such action for a period not to exceed 30 days. The Commissioner may suspend approval of the Plan of Operation and its underlying or implementing documents prior to a hearing, if he or she finds that the public welfare requires such emergency order and incorporates that finding in the order of suspension.

D. Any suspension may be dissolved by the Commissioner upon proof by the corporation that the original reasons for suspension have been satisfactorily corrected, and that the corporation continues to meet all other requirements for approval.

S 5

The bylaws of the corporation shall provide, at a minimum:

A. That the sole purpose of the corporation is to establish and maintain a program to provide insurance for the workers' compensation and employer's liabilities of individual members of the association who meet established standards and who choose to become members of the corporation, and/or to provide insurance for the workers' compensation and employer's liabilities of the the association itself, in accordance with all applicable requirements of Vermont law;

B. That the Board of Directors of the corporation shall be the same persons as those serving as directors of the association;

C. That the Board of Directors shall appoint an administrator of the corporation insurance plan, and that the administrator shall be responsible to the Board of Directors;

D. That the Board of Directors shall be responsible for fixing the contributions to the corporation, maintaining reserves, levying and collecting assessments for deficiencies, distributing excess funds, and administering the operations of the corporation in the event of voluntary dissolution;

E. That voluntary dissolution of the corporation or management of the corporation's liabilities in the event of insolvency shall be accomplished in accordance with all applicable requirements of Vermont law.

S 6

A. The corporation shall execute a Member Agreement with each member. The Agreement shall, at a minimum, provide for the following:

(1) Certification by a duly authorized agent of the corporation that the corporation is in good standing to operate its workers' compensation program and to enter into contracts.

(2) That the Board of Directors of the corporation shall be the same persons as those serving as directors of the association;

(3) That the Board shall designate and appoint an Administrator, who shall have authority to act for and bind the corporation and its members in all transactions relating to or arising out of the operation of the corporation.

However, the Board shall retain the authority to replace the Administrator and to amend the duties and obligations of the Administrator, consistent with the requirements of Section 9 of this regulation;

(4) That the corporation, at the request of a member, shall provide without unreasonable delay to any person designated by the member, proof of any coverages provided by the program, including any insurance or reinsurance, deductible levels and the maximum liability which the corporation will retain;

(5) That all members of the corporation shall be jointly and severally liable for any and all debts of the corporation.

(6) For newly forming corporations, the Member Agreement shall include:

(a) A financial program, as set forth in Section 3.C(1) of this regulation;

(b) An operational program, as set forth in Section 3.C(2) of this regulation;

(7) For new Members joining a corporation already in existence the Member Insurance Agreement shall include:

(a) Copies of Financial Statements for the most recently completed fiscal year;

(b) An operational program as set forth in Section 3.C(2) of this regulation, including any amendments;

B. In regard to excess coverage of the corporation, where applicable, the Member Agreement shall provide:

(a) A description of the excess coverage purchased for the corporation and its limits for each coverage offered; or

(b) A statement that there is no excess coverage for the corporation, if the corporation has not obtained such coverage;

S 7

A. The Workers' Compensation Program Contract shall fully disclose, where applicable:

(1) In regard to each coverage:

(a) The coverage provided, including a statement as to whether coverage outside Vermont is provided;

(b) The period of the coverage;

(c) The amount of the deductible per claim and the aggregate deductible, if applicable; and

(d) The maximum amount of coverage to be borne by the corporation.

(2) In regard to the contribution:

(a) The contribution amount and the dates contribution payments are due;

(b) The basis upon which each member's contribution is determined; and

(c) The conditions under which additional assessments may be made.

(3) The name of the proposed Service Agent and a description of the service to be performed by the Service Agent.

B. The Workers' Compensation Program Contract shall include a prominent disclosure notice that must be signed by an officer or other duly authorized agent of the member. The disclosure notice shall use the following or substantially similar language:

The coverage provided by a nonprofit corporation's workers' compensation program is not protected by any Vermont Property and Casualty Insurance Guaranty Association against default due to insolvency. In the event of insolvency, members and persons filing claims against members may be unable to collect any amount owed to them by the corporation regardless of the terms of the Member Insurance Agreement. **HOWEVER, ANY MEMBER MAY BE LIABLE FOR ANY AND ALL UNPAID CLAIMS AGAINST ITSELF AND/OR ANY OTHER MEMBER.**

S 8

The corporation, its Administrator and the Board of Directors shall act as fiduciaries to the members. Service Agents and persons marketing the program to current or prospective Members are agents of the corporation, and shall act as fiduciaries to the corporation.

S 9

Any individual acting on behalf of the corporation as an agent, broker or adjuster, as those terms are defined under 8 V.S.A. 4791, with respect to workers' compensation and/or employer's liability coverage obtained by or for the corporation, shall be duly licensed as such. The corporation shall only engage licensed individuals or entities to perform agent, brokerage or adjusting services.

S 10

A. For the purpose of funding the program, the members shall make contributions to the corporation in the manner prescribed in the Workers' Compensation Program Contract.

B. The following surplus accounts are required at the effective date of approval of the Plan of Operation:

(1) A minimum surplus of 100% of the projected earned contributions;

(2) The Commissioner may require additional surplus funds, based on the coverages and exposures involved, and may permit a smaller minimum surplus, provided the amounts are sufficient as determined by an actuarial feasibility study performed by an approved actuary;

The corporation shall pay these amounts into a depository approved by the Commissioner. These funds are surplus and are not to be used to fund the corporation's normal operations.

C. If the level of surplus falls below the amounts required under Section 10.B, the corporation shall notify the Commissioner within 5 days, and file with the Commissioner within 45 days a plan to return the surplus to the required level. This plan shall include a report of the causes of the corporation's insufficiency, the assessments necessary to replenish the minimum surplus and the steps taken to prevent a recurrence of such circumstances.

D. In addition to the surplus required under Section 10.B of this regulation, at the effective date of the corporation's approval, the corporation shall segregate an amount necessary to fund start-up costs from the initial year's contribution to fund the start-up expenses of the corporation's operation. The remainder of the initial year's contribution shall be collected no later than the end of the ninth month of the corporation's operation.

E. The total amount of each member's annual contribution to the corporation shall be communicated by the Board to each member at least one month prior to the beginning of each fiscal year. The corporation shall also file with the Commissioner the opinion of an approved actuary as to the reasonableness of the proposed funding level for each fiscal year.

F. Each corporation may levy upon its members an additional assessment when necessary to supplement the corporation's surplus to assure payment of its obligations. A member may be assessed for any fiscal year during any part of which it held membership in the corporation. Such assessment may be made during or after the end of the corporation's fiscal year or any time after the member has discontinued membership in the corporation.

S 11

A. Every corporation shall calculate and maintain reserves for all liabilities, including but not limited to the following:

- (1) Reserves for all losses and claims, whether or not reported;
- (2) Reserves for all loss adjustment expenses for all claims, whether or not reported; and
- (3) Reserves for the unearned portion of the gross contribution or assessment, if any.

B. Discounting of loss reserves is prohibited.

C. Upon Prior approval of the Commissioner, subject to the following limitations, a corporation may reduce its reserves:

- (1) No reduction of reserves shall be permitted for insurance or reinsurance where the contract does not result in the complete transfer of liability;

(2) No reduction of reserves shall be permitted for insurance or reinsurance unless the coverage remains intact in the event the corporation becomes insolvent or financially impaired;

(3) Any reinsurer shall be an authorized reinsurer on Vermont's approved list or shall be approved by the Commissioner; and

(4) Copies of the complete contracts or policies of insurance or reinsurance entered into by the corporation, with all endorsements thereto or other evidence satisfactory to the Commissioner, shall be filed with the Commissioner prior to becoming effective. The Administrator shall notify the Commissioner in advance of the termination or any change in the terms of any contracts or policies of insurance or reinsurance. Such contracts shall require the insurer or reinsurer to send a copy of any cancellation or non renewal notice to the Commissioner.

S 12

A. Upon request, the corporation shall provide the Commissioner with a complete written description of its investment practices and policies. The investment practices shall follow the retirements set forth in 8 V.S.A. 3463.

B. The Commissioner may prohibit or limit any investment that threatens the solvency or liquidity of the corporation.

S 13

Revisions or alterations to the following items submitted under Section 3.C of this regulation shall be filed with the Commissioner at least 45 days prior to their effective date and shall be approved or disapproved by the Commissioner or her designee during said 45-day period. Should the proposed revision or alteration be disapproved, the corporation shall be given notice and a statement of the reasons therefor. Items to be submitted for approval under this subsection are as follows:

A. Any amendment to the corporation's bylaws;

B. Any amendment to the corporation's articles of incorporation;

C. The election or appointment of new members to the Board of Directors, and any change in the administrator or officers of the corporation (3.B(7)).The filing with the Commissioner shall include biographical information for each new individual elected or appointed;

D. Revision or alteration in forms used for the Member Agreement (3.B(4));

E. Revision or alteration in forms used for the Workers' Compensation Program Contract, including changes in coverages offered, applicable member deductible levels, or the maximum liability which the corporation shall retain (3.B(5));

F. Changes in the estimated annual total contribution for all members of the corporation (3.C(1)(b));

G. Changes in the methodology by which the corporation determines the aggregate amount of reserves to be set aside for the payment of claims (3.C(2)(b));

H. Changes in the amount or coverage of specific or aggregate excess insurance purchased and maintained by the corporation (3.C(1)(d));

I. Changes in methodology relating to the identification and description of reserves for self insurance coverages provided to Members (3.C(1)(g));

J. Changes in criteria for admitting new members and for terminating the memberships of existing members (3.C(2);a) and (g));

K. Changes in the methodology for establishing the annual contributions of the corporation's members (3.C(2)(c));

L. Changes in underwriting practices (3.C.(2)(d));

M. Changes in trade, marketing and claim practices, including the identities of any new persons marketing the program and adjusting claims (3.C(2)(e));

N. Changes in the procedure for voluntary dissolution of the corporation or the process for distribution of excess funds in the event of voluntary dissolution (3.C(2)(h));

O. Changes in the investment policy or guidelines employed in making investments (3.C(2)(i)); and P. Any change in the Vermont address where the books and records of the corporation are maintained (3.B(10)).

S 14

A. Any funds in excess of the amounts required under Sections 10 and 11 of this regulation accumulated within a corporation's fiscal year, as determined from the manual audited financial statement, may be declared refundable by the Board. No refund of the excess funds shall be made earlier than 24 months following the end of the corporation's fiscal year for which a surplus is declared. Such refund shall not be made until certified by an approved actuary. Any such refund must be in accordance with 11 V.S.A. chapter 19.

If the distribution is in excess of 10% of the corporation's surplus, or prior to 24 months after the end of the fiscal year, it shall be considered an extraordinary distribution and shall require prior approval of the Commissioner.

Application for the extraordinary distribution shall be submitted to the Commissioner for approval and shall be certified by an approved actuary.

B. Excess funds accumulated within a corporation's fiscal year shall be refunded only to those who were members of the corporation during that year. The accounting shall be separate for each year.

C. Notwithstanding Section 14.B of this regulation, the Commissioner may, in his or her discretion, require or permit a corporation's excess funds accumulated within a fiscal year be allocated to a different year.

S 15

A. Each corporation shall file annually with the Commissioner and with the members of the corporation, within 90 days after the end of the fiscal year, audited financial statements for the most recently completed fiscal year certified by an independent certified public accountant. If the corporation fails to file such audited financial statements, the Commissioner may perform the audit and the corporation shall reimburse the Commissioner for such cost.

B. At a minimum, the audited financial statements shall contain the following exhibits for the current and prior fiscal years:

- (1) Balance sheet;
- (2) Statement of gain or loss from operations;
- (3) Statement of changes in financial position;
- (4) Notes to financial statements; and
- (5) Management and internal control letters.

C. The financial statements shall be prepared in accordance with generally accepted accounting principles with the following exceptions:

- (1) Loss reserves shall not be discounted; and
- (2) Any other exceptions to generally accepted accounting principles the Commissioner finds necessary to preserve the fiscal integrity of the corporation.

D. With the financial statements, the corporation shall include an unqualified statement of opinion as to the loss and loss expense reserves certified by an approved actuary. The actuary's statement shall also certify the adequacy of the projected premiums for the following fiscal year.

E. In addition to the annual audited financial statement, the Commissioner may require any corporation to file additional financial information, including, but not limited to interim financial reports, additional financial reports or exhibits, or statements considered necessary to secure complete information concerning the condition, solvency, experience, transactions, or affairs of the corporation. The Commissioner shall establish reasonable deadlines for filing these additional reports, exhibits or statements. The Commissioner may require verification of any additional required information.

F. Each corporation shall file annually with the Commissioner the methodology for establishing the annual contributions of its members. Such contributions must be based on reasonable assumptions and certified by an actuary.

S 16

A. The corporation shall retain and have available for examination by the Commissioner for at least five years after the close of a fiscal year the following:

- (1) All executed Member Agreements;
- (2) All Workers' Compensation Program Contracts;
- (3) All financial books, records and accounts; and
- (4) Copies of all insurance, reinsurance or excess insurance policies.

B. The Commissioner may examine the affairs, transactions, accounts, records and any other matters deemed necessary of the corporation and/or its independent accountant, including accounting work papers and assets of the corporation, at any time and at such intervals as the Commissioner deems necessary. Such records must be available for examination at a location in Vermont. The manner and frequency in which the examination of financial condition shall be conducted and the release of any reports of financial condition shall be in accordance with 8 V.S.A. 3563 and 3565. The cost of the examination shall be paid by the corporation.

S 17

A. Approval of a corporation's Plan of Operation and its underlying or implementing documents shall remain in effect and a corporation shall be in good standing to operate its workers' compensation program until approval is terminated at the request of the Board or by action of the Commissioner.

B. Before a corporation may voluntarily dissolve, it shall present a plan of dissolution to the Commissioner for approval. Such a plan shall provide for the payment of all incurred losses and expenses of the fund and its members, including all incurred but not reported losses, as certified by an approved actuary. No assets of the corporation may be used for any other purpose until all losses and expenses are paid in full. Voluntary dissolution shall be accomplished in accordance with the requirements of 11 V.S.A. chapter 19.

C. Subject to the approval of the Commissioner, a corporation may merge with another corporation established in accordance with 21 V.S.A. 687a, if the resulting corporation assumes in full all obligations of the merging corporations and complies with all contractual, statutory and regulatory requirements of the merging corporation, including compliance with 11 V.S.A. chapter 19. The Commissioner may hold a hearing on the merger and shall do so if any party, including a member of either corporation, so requests.

S 18

A corporation's workers' compensation program shall be subject to the provisions of 8 V.S.A. chapter 129 and regulations promulgated thereunder governing unfair trade, market and claim practices.

S 19

This regulation shall in no way derogate the authority of the Commissioner of Labor and Industry under chapter 9 of Title 21.

S 20

If any provisions of this regulation, or the application of it to any person or circumstances, is determined to be invalid by a court of competent jurisdiction, such invalidity shall not affect other provisions of this regulation which can be given effect without the invalid provision or application, and to that end the provisions of this regulation are severable.

S 21

This regulation shall become effective on September 1, 1995.