

**Department of Banking, Insurance, Securities & Health Care Administration**

**Vermont Insurance Division**

**REGULATION 97-1 Oversight of fees charged by the NAIC and  
Retaliatory Action by the State of Vermont**

**May 10, 1997**

REGULATION 97-1 S 1

This regulation is promulgated pursuant to Title 8 Sections 3367 and 3552, and in accordance with the findings and purpose of the General Assembly as set forth in Act No. 83 of the 1995 Adjourned Session.

REGULATION 97-1 S 2

The fees, assessments or charges imposed by the National Association of Insurance Commissioners (NAIC) on Vermont domestic insurance companies for database filings and for valuation of securities, as set forth in the NAIC Database Participation Packet list of Filing Fees and the December 31, 1996 Purposes and Procedures of the Securities Valuation Office of the National Association of Insurance Commissioners List of Fees for Services and Publications, attached hereto as Appendix to this Regulation, are hereby established and authorized by the Commissioner.

REGULATION 97-1 S 3

The Commissioner shall annually review the fees, assessments or charges imposed by the NAIC on Vermont domestic insurance companies for database filings and for valuation of securities to determine if:

- (A) Such fees, assessments or charges have increased, and
- (B) If such fees, assessments or charges have increased by a rate which is higher than the then-current Consumer Price Index, whether the increase is likely to result in excessive revenues to the NAIC.
- (C) If such fees, assessments or charges have increased by a rate which is higher than the then-current Consumer Price Index, the Commissioner shall issue an order, after public notice and opportunity to comment, stating the Commissioner's determination as to whether an increase results in excessive revenues to the office charging the fees, assessments or charges or to the NAIC as a whole, and the bases for the determination. If the Commissioner determines that the increase is excessive, the order shall provide that no Vermont domestic insurer shall be required to pay such fee, assessment or charge, or any portion thereof determined to be excessive.

(D) The Commissioner shall consider, along with such other factors deemed appropriate by the Commissioner, whether the increase and the resulting revenues are reasonable and necessary to achieve the purposes of the NAIC, and whether the choice of revenue source is reasonable.

#### REGULATION 97-1 S 4

(A) After determination by the Commissioner that an insurance department or other similar regulatory entity of any other state or territory of the United States has imposed any sanctions, fines, penalties, financial or deposit requirements, prohibitions, restrictions, regulatory requirements, or other obligations of any kind on domestic insurance companies authorized to transact insurance in this state and licensed to transact business in such other state or territory:

(1) because the insurance department of this state is not accredited or otherwise approved by the NAIC, or by any agent or representative of the association; or

(2) because the insurance department of this state has not complied with any directive, financial annual statement requirement, model act or regulation, market conduct or financial examination report or requirement, or any report or requirement of any kind imposed directly, or indirectly through the laws or regulations of another state, by the NAIC, or by any agent or representative of the association; or

(3) because a domestic insurance company has refused to comply with, file or pay any requirement, report, fee, assessment, or charge determined by the commissioner to be unreasonable and imposed directly, or indirectly through the laws or regulations of another state, by the NAIC, or by any agent or representative of the association; the commissioner shall impose similar sanctions, fines, penalties, financial or deposit requirements, prohibitions, restrictions, regulatory requirements, or other obligations of any kind on the domestic insurance companies of such other state or territory.

(B) Any Vermont domestic insurance company upon whom any sanctions, fines, penalties, financial or deposit requirements, prohibitions, restrictions, regulatory requirements, or other obligations of any kind are imposed as set forth in subsection (A) of this Section may request similar imposition by the Commissioner upon the domestic insurance companies of such other state which are licensed to do business in Vermont by demonstrating to the Commissioner that the circumstances of the imposition meet the standard set forth in subsection A(1), (2) or (3) of this Section.

(C) If any other state requires a Vermont domestic insurance company licensed to transact insurance in such state to pay, directly or indirectly, a fee, assessment, or charge of any kind to the NAIC in excess of the fees, assessments, or charges approved under Section 2 of this Regulation, such fees, assessments or charges shall be considered excessive and shall be imposed by the Commissioner in similar manner upon the domestic insurers of such other state doing business in this state.

(D) Any Vermont domestic insurance company upon whom any sanctions, fines, penalties, financial or deposit requirements, prohibitions, restrictions, regulatory requirements, or other obligations of any kind are imposed as set forth in subsection (C) of this Section, may request similar imposition by the Commissioner upon the domestic insurance companies of such other state which are licensed to do business in Vermont by demonstrating to the Commissioner that the circumstances of the imposition meet the standard set forth in subsection (C) of this Section.

REGULATION 97-1 S 5

This Regulation shall be effective on May 10, 1997.

**For pertinent appendix to this regulation, please request a copy from the Department.**