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Department of Banking, Insurance,  
Securities and Health Care Administration

Bulletin No. 128

**Implementation of Vermont Act 91 with Respect to Life Insurance: Civil Unions  
Mandatory Endorsement and Related Issues for Insurers**

Effective January 1, 2001, all policies and contracts must be in compliance with Act 91 of the 2000 Legislative Session, Vermont's new "Act Relating to Civil Unions." Section 17 of Act 91 requires that insurance contracts and policies offered to married couples, spouses and families also be made available to civil union couples, parties to the civil union and their families. The Act requires that the Commissioner adopt rules necessary to carry out the purposes of the law. On December 6, 2000, the Department adopted Regulation No. 2000-01-IH relating to civil unions which will take effect January 1, 2001. Additionally, the Department, in cooperation with the Vermont Department of Taxes, is preparing a "Frequently Asked Questions" publication for parties to civil unions.

This new law authorizes the Commissioner to adopt, by Order, standards and a process to bring currently approved forms into compliance with Vermont law. The Commissioner will issue an Order (a draft of the Order is attached) effective January 1, 2001 requiring all life insurers to adopt the attached "Vermont Life Insurance Mandatory Civil Union Endorsement" or file, for approval, an alternative endorsement that complies with Act 91, for all policies, contracts, certificates, riders and endorsements subject to regulation by the Commissioner. Unless it is otherwise determined that specific forms need to be amended and filed for approval, insurers adopting the "Vermont Life Insurance Mandatory Civil Union Endorsement" (the attached endorsement is the final version adopted by the Department) need not make form changes or submit a form filing specific to Act 91. If insurers choose to make specific form changes, these must be filed for approval. Insurers are responsible for ensuring that the endorsement attached to policies and contracts has been approved by the Department and is compatible with those forms.

An endorsement approved by the Department must be attached to all life insurance policies, contracts, certificates, riders and endorsements offered, issued, renewed or delivered in the state of Vermont. Insurers are allowed to include these endorsements with their renewals during 2001. For all contracts and policies that do not contain a renewal date, the contract or policy must be endorsed on the first anniversary of the policy effective date that occurs in 2001. For example, a contract or policy with an effective date of March 1, 1998 must be endorsed by March 1, 2001. If an insured requests that their policy be amended to comply with Act 91, the insurer shall promptly endorse or amend the contract using a form approved by the Department. Effective January 1, 2001, all life insurance policies and contracts shall be interpreted to provide equivalent benefits for married couples and civil union couples, and their families, whether or not they have been physically endorsed or amended at the time a claim is made.

Section 6(g) of Regulation No. 2000-01-IH provides that insurers are not required to provide a benefit available to a married person to a party to a civil union, or amend an insurance policy or contract of a party to a civil union when application of federal law prohibits such action or limits the benefit to married persons. The Commissioner has determined that insurers will not be required to endorse annuities because of the possible consequences to consumers if the special spousal benefit appears to have been extended to parties to a civil union. Insurers will be required, however, to provide the notification required under section 6(g) and to comply with all other provisions of Regulation No. 2000-01-IH.

An unofficial version of the full text of the Act is available at the web site of the Vermont State Legislature, at <http://www.leg.state.vt.us/docs/2000/acts/ACT091.HTM>. A copy of the regulation and other information regarding civil unions is available at the Department's website at <http://bishca.state.vt.us>.

**Department Contact Information:** Ann M. Metayer, Assistant General Counsel at (802) 828-4871.

  
Elizabeth R. Costle, Commissioner

12/13/00

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- 1 -

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## IN RE: AMENDMENT OR ENDORSEMENT OF INSURANCE POLICIES AND CONTRACTS TO COMPLY WITH VERMONT LAW REGARDING CIVIL UNIONS

### ORDER

**WHEREAS**, Act 91 of the 2000 Legislative Session, Vermont’s “Act Relating to Civil Unions” was enacted into law on April 26, 2000; and

**WHEREAS**, the provisions of Act 91 relating to insurance take effect January 1, 2001; and

**WHEREAS**, Section 17 of Act 91 prohibits insurers from engaging in unfair discrimination between married couples and civil union couples and requires that the Commissioner promulgate rules to ensure that insurance policies and contracts offered to married couples, spouses, and their families also be made available to parties to a civil union and their families; and

**WHEREAS**, Section 18 of Act 91 requires that health insurers provide dependent coverage to parties to a civil union that is equivalent to that provided to married insureds and that individual and group health insurance policies that provide coverage to a spouse or family member of an insured also provide the equivalent coverage for a party to a civil union; and

**WHEREAS**, the Commissioner has adopted Regulation 2000-01-IH, effective January 1, 2001, which addresses unfair discrimination by insurers against parties to a civil union; and

**WHEREAS**, the Commissioner, pursuant to Section 17 of Act 91, may adopt by Order standards and a process, which may differ from current Vermont law, for filing and approval of forms, to bring the forms currently on file and approved by the Department into compliance with Vermont law; and

**NOW THEREFORE**, the Commissioner issues this Order to implement Act 91 and Regulation 2000-01-IH.

1. Effective January 1, 2001, all insurance policies and contracts solicited, delivered, issued, or renewed in the state of Vermont shall be in compliance with Act 91 and Regulation 2000-01-IH. Such policies and contracts, with the exception of annuities, shall be considered amended through operation of law to provide equivalent benefits for married persons and parties to a civil union, and their families.
2. All insurers shall adopt the Vermont Mandatory Civil Unions Endorsement applicable to property and casualty insurance, life insurance, or health insurance for use with those policies and contracts (attached hereto) or file, for approval, an alternative endorsement that complies with Act 91 and Regulation 2000-01-IH. Unless it is otherwise determined that specific forms need to be amended and filed for approval, insurers adopting a mandatory endorsement need not make form changes or submit a form filing specific to Act 91 and Regulation 2000-01-IH. If an insurer chooses to make specific form changes, these forms shall be filed for approval

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3. All insurance policies and contracts, with the exception of annuities, shall be physically endorsed or amended in 2001 to comply with Act 91 and Regulation 2000-01-IH. Such amendment or endorsement shall be included in all policies and contracts issued or renewed on or after January 1, 2001. All contracts and policies that do not contain a renewal date shall be amended or endorsed to bring the policy or contract into compliance with Act 91 and Regulation 2000-01-IH on the first anniversary of the policy effective date following January 1, 2001. For example, a life insurance policy issued on March 1, 1965 or March 1, 1975 shall be amended or endorsed on or before March 1, 2001.
4. If an insured requests that their policy or contract be amended to comply with Act 91, the insurer shall promptly endorse or amend the policy or contract, except annuities, using a form approved by the Department.

Dated at Woodstock, Vermont, this 1st day of January, 2001.

  
Elizabeth R. Costle, Commissioner

**VERMONT LIFE INSURANCE  
MANDATORY CIVIL UNION ENDORSEMENT**

**PURPOSE:**

This endorsement is part of the policy, contract, certificate and/or riders and endorsements to which it is attached and is intended to provide benefits for parties to a civil union. Vermont law requires that insurance contracts and policies offered to married persons and their families be made available to parties to a civil union and their families. In order to receive benefits in accordance with this endorsement, the civil union must have been established in the state of Vermont according to Vermont law.

**GENERAL DEFINITIONS, TERMS CONDITIONS AND PROVISIONS:**

The general definitions, terms, conditions or any other provisions of the policy, contract, certificate and/or riders and endorsements to which this mandatory endorsement is attached are hereby amended and superseded as follows:

Terms that mean or refer to a marital relationship or that may be construed to mean or refer to a marital relationship: such as "marriage", "spouse", "husband", "wife", "dependent", "next of kin", "relative", "beneficiary", "survivor", "immediate family" and any other such terms include the relationship created by a civil union.

Terms that mean or refer to a family relationship arising from a marriage such as "family", "immediate family", "dependent", "children", "next of kin", "relative", "beneficiary", "survivor" and any other such terms include the family relationship created by a civil union.

Terms that mean or refer to the inception or dissolution of a marriage, such as "date of marriage", "divorce decree", "termination of marriage" and any other such terms include the inception or dissolution of a civil union.

"Dependent" means a spouse, a party to a civil union, and/or a child or children (natural, stepchild, legally adopted or a minor who is dependent on the insured for support and maintenance) who is born to or brought to a marriage or to a civil union.

"Child or covered child" means a child (natural, step-child, legally adopted or a minor who is dependent on the insured for support and maintenance) who is born to or brought to a marriage or to a civil union.

**CAUTIONARY DISCLOSURE:**

**THIS ENDORSEMENT IS ISSUED TO MEET THE REQUIREMENTS OF VERMONT LAW AS EXPLAINED IN THE "PURPOSE" PARAGRAPH OF THE ENDORSEMENT. THE FEDERAL GOVERNMENT OR ANOTHER STATE GOVERNMENT MAY NOT RECOGNIZE THE BENEFITS GRANTED UNDER THIS ENDORSEMENT. YOU ARE ADVISED TO SEEK EXPERT ADVICE TO DETERMINE YOUR RIGHTS UNDER THIS CONTRACT.**