

Vermont Dept. of Banking, Insurance, Securities and Health Care Administration

BULLETIN 130

**LAWS ENACTED DURING THE 1999-2000 LEGISLATIVE SESSION THAT
AFFECT INSURERS DOING BUSINESS IN VERMONT**

January 22, 2001

Seven Laws were enacted in Vermont in 2000 that may affect insurers doing business in Vermont. Below is a list and short description of each Act. Where required, the Department will propose regulations or issue bulletins to further explain or define insurer and department operations under these new laws.

This bulletin is intended to provide general information and alert interested parties to changes that may be necessary in their operations. Any insurer or other party who may be affected by any of these laws is urged to get a copy of the Bill from:

Legislative Council
115 State Street
Drawer 33
Montpelier, VT 05633-5301

ACT 84 (H607) Investments Of Insurance Companies

This Act updates and modernizes Vermont's existing investment laws for insurance companies and clarifies Vermont law on annuity writings by captive insurance companies. It is anticipated that the investment law change will enable Vermont based insurance companies to remain competitive with insurers located in other states. At the same time promotes the ability of the Department to monitor the financial condition of domestic insurers by making the standards easier to apply and more understandable. The amendments to captive insurance companies will clarify the authority for annuity writing by captives and put captive insurers on the same level with other annuity writers for premium taxes. Also requires that the Department must report every 5 years on new developments in investments.

ACT 85 (H844) Workers' Compensation

This bill clarifies the law for injuries incurred by an employee occurring outside the scope of job duties and requirements, and off the premises of the employer (e.g., during recreational activity available as part of benefit package but not part of the job) are not the responsibility of the workers compensation system. The bill was designed to negate a Vermont Supreme Court decision (Grather v. The Gables Inns, Ltd.) allowing an injured employee to collect compensation benefits when injured off the job.

**ACT 86 (H596) Mutual Insurance Companies & Mutual Insurance Holding
Companies**

The Act modernizes the process for a mutual insurance or mutual insurance holding company to convert to stock form. It also allows proposed amendments to existing law on mutual insurance holding companies, specifically to permit intermediate stock holding companies and permit other reorganization transactions. Clarifies the commissioner's jurisdiction over all entities involved in a mutual insurance holding company reorganization, including during insolvency. Permits cooperative fire insurance companies to be treated as mutual insurance companies.

Allows captive insurance companies that are formed as mutual insurance to use these sections for purposes of reorganization.

ACT 87 (H610) Insurance Agents And Brokers

This bill changes insurance agent and broker licensing from one year to two years. It also provides for a continuing education program for insurance agents and brokers. The change will go into effective for agents in 2001 and for brokers and other individual license types in 2002. Fees for licensure doubled along with the new licensing law to maintain a revenue neutral status.

ACT 91 (H847) Civil Unions

The Act sets forth that Section 17 of Act 91, effective on January 1, 2001, will require that insurance products offered to married couples, spouses and families be made available to civil union couples and their families. Section 18 of the Act requires that health insurers offer dependent coverage to parties to a civil union and their families. Dependent coverage is defined as family coverage or two-person coverage. The Department adopted regulation No. 2000-01-1H addressing unfair discrimination by insurers regarding their treatment of civil union couples.

ACT 116 (H566) Children, Alcohol And Safety

This Act provides that a social host who furnishes intoxicating liquor to a minor is liable under the Dram Shop Act for damages and injuries caused by the intoxicated minor.

ACT 119 (H837) Assuring A Livable Income For All Working Vermonters

The Act known as the livable income bill, impacts among other things, workers' compensation insurance with respect to the payment of lost time injuries regarding the average weekly wage. The method for the calculation of this benefit has not changed.

Elizabeth R. Costle, Commissioner