

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

INSURANCE BULLETIN 133

**LAWS ENACTED DURING THE 2000-2001 LEGISLATIVE SESSION, WHICH
AFFECT INSURERS DOING BUSINESS IN VERMONT**

October 5, 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. Or an unofficial version may be obtained from the Vermont Legislative Home Page web site at: <http://www.leg.state.vt.us/>

ACT 02 (H. 281) INTERMUNICIPAL INSURANCE AGREEMENTS

This Act repeals the sunset provision relating to the eligibility of independent schools to participate in intermunicipal insurance agreements.

**Act 10 (H. 255) INSURANCE; HEALTH INSURANCE; CLINICAL TRIALS FOR
CANCER PATIENTS**

This act directs the commissioner of Banking, Insurance, Securities & Health Care Administration (BISHCA) to issue rules that will be effective from March 1, 2002 until March 1, 2005, requiring that all health benefit plans issued in Vermont provide coverage for routine costs for patients that participate in cancer clinical trials conducted under the auspices of the following cancer care providers: The Vermont Cancer Center at Fletcher Allen Health Care; the Norris Cotton Cancer Center at Dartmouth-Hitchcock Medical Center; and approved clinical trials being administered by a Vermont hospital and its affiliated, qualified Vermont cancer care providers. The cancer care providers and the four largest health insurers in Vermont are required to participate in an analysis of cost data for a study on the Act's financial impact on health care insurance premiums at the conclusion of the second year after enactment. The commissioner is directed to present the findings of the study in a report to the general assembly by October 1, 2004. (Rules will be issued shortly)

**ACT 17 (S. 61) VERMONT LIFE AND HEALTH INSURANCE GUARANTY
ASSOCIATION**

This act amends the statute dictating the composition of the Vermont Life and Health Insurance Guaranty Association that protects person's insured by insurers going through

liquidation. At least one-half of the five-to-nine members, Board of Directors of the Association, were required to be comprised of officers, directors or employees of domestic insurers. The requirement was changed to require that at least one Board member be from a domestic insurer, unless there are no domestic insurers.

ACT 23 (S. 187) INSURANCE TRADE PRACTICES

This act amends the statute regulating HIV-related testing of insurance applicants by insurers. In addition to blood tests, this act allows the use of both urine and oral mucosal transudate (OMT) tests, approved by the Commissioner of the Department of Banking, Insurance, Securities, and Health Care Administration, in consultation with the Vermont Department of Health. Retesting is provided for after a positive test in addition to providing the applicant with the number of the Vermont AIDS hotline and the Centers for Disease Control and Prevention. The insurer is required to notify applicants that a positive test is reported to the Vermont Department of Health by means of an anonymous identifier.

ACT 32 (H. 417) HEALTH INSURANCE COVERAGE FOR MENTAL HEALTH AND SUBSTANCE ABUSE SERVICES

Act 129 of the 2000 session required that each year the five largest health insurance companies in Vermont file a report card on the health insurance plan's performance in relation to quality measures for the care, treatment, and treatment options of mental health and substance abuse conditions covered under the plan. Act 129 also identified specific elements to be included in the report card.

This act makes a few simple administrative changes to last year's Act 129. For administrative ease, it changes the information reporting date from March 1 to July 15, adds a cross-reference to a rule in order to eliminate ambiguity and duplication, and eliminates the requirement that insurance companies report the total number of denials per insured's lifetime because that information is not reasonably collectable for every insured's entire lifetime.

ACT 37 (S. 60) CHARITABLE GIFT ANNUITIES

This act provides that qualified charitable organizations issuing charitable gift annuities are not engaging in the business of insurance, and will not be regulated by the Department of Banking, Insurance, Securities, and Health Care Administration but will be regulated by the Office of the Attorney General. In order to issue these annuities, a qualified charity must meet operation and asset requirements and must provide notice to the donor that the Department does not regulate the charity and an insurance guaranty association does not protect the annuity.

ACT 71 (S. 139) REGULATION OF INSURANCE

This act makes miscellaneous amendments and technical corrections to several different areas of insurance statutes. Several sections of the bill were a result of the Gramm-Leach-Bliley Financial Services Modernization Act of 1999. That Act was designed to remove the barriers enacted during the Great Depression between financial service providers, including banks, insurance companies and securities firms. Because new financial products and services will be created as the industry participants evolve, this act enables coordination between regulators, coordinates holding company filing deadlines and repeals the insurance anti-affiliation law, 8 V.S.A. § 4811. The act makes annual statements and fees due March 1. It also makes several technical amendments resulting from a court ruling on insurer liquidation priorities (under section 14 and 15). The act provides more investment flexibility for sponsored Captives. In addition, the act makes available for three years a nonrefundable tax credit of up to \$5,000.00 for captive insurance companies in their first year of doing business in Vermont, beginning this year.

Elizabeth R. Costle
Commissioner