

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

Bulletin 143

**Laws Enacted During The 2003 Legislative Session Which Affect
Insurers Doing Business in Vermont**

Five laws were enacted in Vermont in 2003 that may affect insurers doing business in Vermont. Below is a list and a short description of each Act. If required, the Department will propose regulations or issue bulletins to further explain or define insurer or 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 obtain an unofficial version of the act at the Legislative Council website: www.leg.state.vt.us or to obtain an official version of the act from: Legislative Council, State House, Montpelier, VT 05602 (802) 828-2231.

**ACT NO. 11 (H.123) RELATING TO THE MINIMUM
NONFORFEITURE RATE OF INTEREST**

This act lowers the interest rate applicable to the minimum nonforfeiture amount for individual deferred annuities from three percent to one and one-half percent. The interest rate is raised back to three percent as of January 1, 2005.

Effective Date: May 6, 2003, except for Sec. 2, and shall apply to all contracts of annuity subject to 8 V.S.A. § 3750 issued after that date. Sec. 2 shall be effective January 1, 2005

**ACT NO. 18 (H.427) RELATING TO MEDICARE
SUPPLEMENTAL INSURANCE**

This act makes technical changes to the Department of Banking, Insurance, Securities and Health Care Administration supervision of rates for Medicare supplemental insurance. The statutory trigger is amended so as not to require public hearings and independent actuarial reviews of rate increases for smaller Medicare supplemental insurance policies. Effective Date: July 1, 2003

**ACT NO. 20 (S.125) RELATING TO CHARITABLE GIFTS
OF LIFE INSURANCE AND THE BYLAWS OF
COOPERATIVE INSURANCE CORPORATIONS**

This act authorizes the gift of life insurance contracts to charitable organizations that are tax exempt under Section 501(c)(3) of the Internal Revenue Code as long as that organization is irrevocably designated as the owner and beneficiary of the contract, both the owner and insured make and sign the joint application, and the insurer has provided a written disclosure to the insured. In addition, in a separate section, this act amends the requirements for cooperative insurance corporations, reducing the required number on the board of directors to five from six and removing the requirement for written approval from the commissioner of the Department of Banking, Insurance, Securities and Health Care Administration for amendments to the bylaws of such corporation. Effective Date: July 1, 2003

**ACT NO. 29 (H.96) RELATING TO THE ANNUAL REPORT DUE DATE
OF THE BEHAVIOR HEALTH CARE TASK FORCE**

This act changes the due date to January 15 for the annual report submitted to the House and Senate health and welfare committees by the behavior health care task force. Effective Date: July 1, 2003

ACT NO. 55 (H.452) RELATING TO CAPTIVE INSURANCE

This act recodifies and amends sections of the law relating to the regulation of captive insurance. This act updates and clarifies the existing statutes to conform with the current structure of the industry. This act also modifies the current tax on premiums written by captive insurers. The minimum tax is raised, a maximum is established, and the rate is reduced. Nonprofits are allowed to organize captives. Alien insurers are authorized to merge with Vermont captives.

Effective Date: This act generally takes effect July 1, 2003; however, certain portions take effect from passage, June 4, 2003, and certain portions take effect June 30, 2003 and January 1, 2004.

Dated: August 20, 2003

John P. Crowley, Commissioner
Department of Banking, Insurance,
Securities and Health Care Administration

