

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

**REGULATION C-2006-02**

**CAPTIVE INSURANCE COMPANIES REINSURING LIFE INSURANCE POLICIES**

**Effective April 1, 2007**

**SECTION 1: PURPOSE**

This regulation establishes reserve requirements and the form of the annual report required of a captive insurance company that reinsures life insurance policies, including term, universal and variable life policies, and related guarantees and riders (collectively, "Life Insurance Policies").

**SECTION 2: AUTHORITY**

This regulation is promulgated under the authority of 8 V.S.A. §§ 15 and 6015.

**SECTION 3: APPLICABILITY**

This regulation shall apply to any captive insurance company formed or licensed under the provisions of chapter 141 of title 8 of the Vermont Statutes that reinsures Life Insurance Policies, with respect to fiscal years ending on and after December 31, 2005. Regulation 81-2 shall apply to any such captive insurance company other than to the extent specifically provided in this regulation.

**SECTION 4: RESERVES REQUIRED BY LAW**

A captive insurance company described in Section 3 shall maintain reserves that are actuarially sufficient to support the liabilities incurred by the captive insurance company in reinsuring Life Insurance Policies.

**SECTION 5: ANNUAL REPORT**

For purposes of the annual report required by 8 V.S.A. § 6007(b):

(i) a captive insurance company described in Section 3 that uses statutory accounting principles (i.e., the National Association of Insurance Commissioners' Accounting Practices and Procedures Manual, including any appropriate or necessary modifications or adaptations thereto approved by the Commissioner of Banking, Insurance, Securities and Health Care Administration) shall submit the annual report in the form of the annual statement approved by the National Association of Insurance Commissioners for life insurers, as modified or supplemented by the Commissioner, unless the Commissioner requires or approves a different form of annual report; and

(ii) a captive insurance company described in Section 3 that uses generally accepted accounting principles, including any appropriate or necessary modifications or adaptations thereto approved by the Commissioner, shall submit the annual report in the form approved by the Commissioner.

**SECTION 6: SEVERABILITY**

If any provision of this regulation or the application thereof to any person or circumstance is for any reason held to be invalid, the remainder of the regulation and the application of such provisions to other persons or circumstances shall not be affected thereby.