

[Department of Banking, Insurance, Securities & Health Care Administration]

Vermont Insurance Division

REGULATION 86-4 Assessment

Dec, 23, 1985

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The purpose of this Regulation is to establish an equitable and practical assessment procedure as required by Chapter 128, 8 V.S.A., Section 4703. The Assessment procedure established by this Regulation will pay for expenses incurred in establishing and maintaining a Consumer Information System as required by Section 4701, 8 V.S.A., and pay for the expenses of implementing and operating a Competition Monitoring System as required by Section 4702, 8 V.S.A.

This Regulation is issued pursuant to the powers granted to the Commissioner by Sections 75 and 4703 of 8 V.S.A.

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(1) Written Premiums mean all direct premium income generated in the State of Vermont or allocated to the State of Vermont arising from policies which are regulated pursuant to Chapter 128, 8 V.S.A., issued by an authorized insurance company collecting the premiums, other than reinsurers.

(2) Contractor means any person, corporation or other entity designated by the Commissioner to act on his behalf.

(3) Consumer Information System means any activity whereby information concerning insurance policies, including insurance premiums, is compiled, collected, analyzed or evaluated and disclosed to the public. It includes, but is not limited to, the subsystems and written documentation to design and operate the full system; including all costs necessary to design, print, produce, or distribute consumer brochures, and associated public seminars and displays.

(4) Competition Monitoring System means any activity concerning the developing, and designing of a system; the collection of information and data; assembling into a usable and understandable form or format; and the printing, publication, and distribution of reports and information on competition in Vermont's insurance marketplace by whatever means.

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The Commissioner may contract with an outside contractor(s) to develop, operate, and/or design, a Consumer Information System, and a system to Monitor Marketplace Competition. The Commissioner may also contract with an outside contractor to assess

and pay contractors. The Commissioner will specify the terms of the contract and award the contracts in accordance with current State of Vermont practices, recognizing the value of competitive bidding and the needs of the project.

The expenses incurred in operating the Consumer Information System, the Monitoring Competition System, and the assessment and payment systems shall be assessed by the Commissioner and paid in accordance with this regulation.

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Insurers shall be assessed for the costs of the Consumer Information and Monitoring Competition Systems and the cost for the assessment process, if any, based upon the proportion of the insurers' premiums written in the State of Vermont to premiums written by all authorized insurers in the State of Vermont.

If a System product or result involves only one line of insurance, the written premiums for assessment purposes shall be those recorded or allocated to that line of insurance. If the System applies to more than one line of insurance, then the written premiums shall be for those lines covered by the products or results of the System. The source of written premiums shall be the Annual Statements filed with the Vermont Banking and Insurance Department.

If an expense cannot be reasonably allocated to one or more lines of insurance, then the written premiums for all lines of insurance shall be used to allocate the assessment.

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Assessments made by the Commissioner or his designated contractor shall be paid within thirty (30) calendar days after receipt of the assessment by the insurer. Failure to pay assessment when due shall subject the insurer to the penalties provided for under Chapter 128, 8 V.S.A.

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The Commissioner will annually issue a report accounting for the assessments and costs for the Consumer Information and Monitoring Competition Systems.

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If any Section of this regulation, or application thereof to any person or situation, is held to be invalid, the remainder of the Regulation will not be affected.

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This Regulation shall take effect December 23, 1985.