

REGULATION 99-2

RULES FOR CAPTIVE INSURANCE COMPANIES ISSUING ANNUITIES

SECTION 1: PURPOSE

This regulation establishes reserve requirements, separate accounts and the form of the annual statement required of any captive insurance company that issues annuity contracts (which may have life or other benefits that constitute a subsidiary or incidental part of the entire contract).

SECTION 2: AUTHORITY

This regulation is promulgated under the authority of 8 V.S.A. Sections 75 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 issuing annuity contracts (which may have life or other benefits that constitute a subsidiary or incidental part of the entire contract).

SECTION 4: ESTABLISHMENT OF SEPARATE ACCOUNTS

Any captive insurance company that issues contracts that provide variable benefits shall establish separate accounts. Such accounts shall be subject to the requirements of 8 V.S.A. section 3855.

SECTION 5: RESERVES REQUIRED BY LAW

A captive insurance company that issues annuity contracts shall maintain reserves that are actuarially sufficient to support the liabilities provided by the contracts.

SECTION 6: ANNUAL REPORT

A captive insurance company that issues annuity contracts shall submit its 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.

SECTION 7: 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.

SECTION 8: EFFECTIVE DATE

This regulation shall be effective on 12/31/99.