



# Legislature of the Virgin Islands

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## POST AUDIT DIVISION

December 11, 2025

### MEMORANDUM

**TO:** Honorable Novelle E. Francis, Jr.  
Chairperson, Committee on Budget, Appropriations and Finance  
36<sup>th</sup> Legislature of the Virgin Islands

**FROM:** Post Audit Division

**SUBJECT:** **Bill No. 36-0184** - An Act amending Title 22 Virgin Islands Code, Chapter 14, The Virgin Islands Insurance Holding Company System Regulatory Act to implement revisions that were made to the National Association of Insurance Commissioners

### BACKGROUND AND HISTORY

The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U. S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. State regulation of insurance provides major source of state revenue. The fundamental reason for government regulation of insurance is to protect consumers.

**Title 22, Virgin Islands Code, Chapter 14, Section 321** is amended to update the existing and outdated Insurance laws of the Territory by striking the language and replacing it with the following language. **Bill No. 36-0184** stipulates that the Territory be required to follow the NAIC Model Laws and Regulations as revised and obtain substantial compliance with the NAIC accreditation standards.

*Deletions and Insertions are in red*

# Bill No.36 - 0184 National Association of Insurance Commissioners- NAIC Revisions

## 22 V.I.C. § 321

Statutes current through Act 8856 of the 2024 session of the 35th Legislature, including all code changes through September 10, 2024

- [Virgin Islands Code Annotated](#)
- [TITLE TWENTY-TWO Insurance](#)
- [Chapter 14. Virgin Islands Insurance Holding Company System Regulation](#)

### § 321. Definitions

As used in this chapter:

(a) “Affiliate” means a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the person specified.

(b) “Commissioner” means the Commissioner of Insurance of the Virgin Islands.

(c) “Control,” “controlling,” “controlled by” and “under common control with” means the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract other than a commercial contract for goods or non-management services, or otherwise, unless the power is the result of an official position with or corporate office held by the person. Control is presumed to exist if any person, directly or indirectly, owns, controls, holds with the power to vote, or holds proxies representing, 10 percent or more of the voting securities of any other person. This presumption may be rebutted by a showing made in the manner provided by section 325(k) of this chapter. The Commissioner may determine, after furnishing all persons in interest with notice and opportunity to be heard and making specific findings of fact to support the determination that control exists in fact, notwithstanding the absence of a presumption to that effect.

(d) “Enterprise Risk” means any activity, circumstance, event or series of events involving one or more affiliates of an insurer that, if not remedied promptly, is likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole, including, anything that would cause the insurer’s Risk-Based Capital to fall into company action level as set forth in section 473 of chapter 20 of this title or would cause the insurer to be in hazardous financial condition as set forth in section 519 of chapter 21 of this title.

(e) “Group-wide supervisor” means the regulatory official authorized to engage in conducting and coordinating group-wide supervision activities who is determined or acknowledged by the Commissioner under section 329 to have sufficient significant contacts with the internationally active insurance group.

(f) “Insurance Holding Company System” means insurance holding company system consisting of two or more affiliated persons, one or more of which is an insurer.

(g) “Insurer” has the meaning set forth in chapter 1, section 4 of this title. The term as used in this chapter does not include insurers regulated under title 22 Virgin Islands Code, chapter 55 and 66, unless specifically provided otherwise in this chapter and it also does not include agencies, authorities or instrumentalities of the United States, its possessions and territories, the Commonwealth of Puerto Rico, the District of Columbia, or a state or political subdivision of a state.

(h) “Internationally active insurance group” means an insurance holding company system that includes an insurer registered under section 325 and meets the following criteria:

(1) Premiums are written in at least three countries;

(2) The percentage of gross premiums written outside the United States is at least ten percent of the insurance holding company system’s total gross written premiums; and

(3) Based on a three year rolling average, the total assets of the insurance holding company system are at least \$50,000,000,000 or the total gross written premiums of the insurance holding company system are at least \$10,000,000,000.

(i) “Merger” means combining two or more companies, generally by offering the stockholders of one company securities in the acquiring company in exchange for the surrender of their stock.

(j) “NAIC” means National Association of Insurance Commissioners.

(k) “Person” means an individual, a corporation, a limited liability company, a partnership, an association, a joint stock company, a trust, an unincorporated organization, any similar entity or any combination of the foregoing acting in concert, but does not include any joint venture partnership exclusively engaged in owning, managing, leasing or developing real or tangible personal property.

(l) “SEC” means the Security Exchange Commission.

(m) “Security holder” means a specified person who owns any security of such person, including common stock, preferred stock, debt obligations and any other security convertible into or evidencing the right to acquire any of the foregoing.

(n) “Subsidiary” means an affiliate controlled by such person directly or indirectly through one or more intermediaries.

(o) “Voting Security” includes any security convertible into or evidencing a right to acquire a voting security.

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*Be it enacted by the Legislature of the Virgin Islands:*

**SECTION 1.** Title 22 Virgin Islands Code, chapter 14 is amended as follows:

(a) Section 321 is amended by striking “(1), (2), and (3)” of subsection (h), and inserting “(A), (B) and (C)”, respectively; redesignating the subsections as paragraphs (1) through (16), respectively; and by inserting the following definitions in their respective alphabetical order:

“Group Capital Calculation Instructions” means the group capital calculation instructions as adopted by the NAIC and as amended by the NAIC from time to time in accordance with the procedures adopted by the NAIC.”

“NAIC Liquidity Stress Test Framework” means a separate NAIC publication which includes a history of the NAIC’s development of regulatory liquidity stress testing, the scope criteria applicable for a specific data year, and the liquidity stress test instructions and reporting templates for a specific data year, such scope criteria, instructions and reporting template being as adopted by the NAIC and as amended by the NAIC from time to time in accordance with the procedures adopted by the NAIC.”

“Scope Criteria” means, as detailed in the NAIC liquidity stress test framework, the designated exposure bases along with minimum magnitudes thereof for the specified data year, used to establish a preliminary list of insurers considered scoped into the NAIC liquidity stress test framework for that data year.”

(b) Section 323, subsection (b), paragraph (12) is amended by inserting “(1)” after “Section 325(l)”.

(b) Section 325 is amended as follows:

(1) In subsection (d) by adding a sentence immediately following the last sentence that reads: “The definition of materiality provided in this subsection is not applicable to the group capital calculation or the liquidity stress test framework.”

(2) In subsection (l), by designating the existing language paragraph (1) and adding the following paragraphs (2) and (3):

“(2) Except as provided below, the ultimate controlling person of every insurer subject to registration shall concurrently file with the registration an annual group capital calculation as directed by the lead state commissioner. The report must be completed in accordance with the NAIC group capital calculation instructions, which may permit the lead state commissioner to allow a controlling person who is not the ultimate controlling person to file the group capital calculation. The report must be filed with the lead state commissioner of the insurance holding company system as determined by the commissioner in accordance with the procedures in the Financial Analysis Handbook adopted by the NAIC. Insurance holding company systems described below are exempt from filing the group capital calculation.

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- (A) An insurance holding company system that has only one insurer in its holding company structure, that only writes business and is only licensed in its domestic state and assumes no business from any other insurer.
- (B) An insurance holding company system that must perform a group capital calculation specified by the United States Federal Reserve Board. The lead state commissioner shall request the calculation from the Federal Reserve Board under the terms of information sharing agreements in effect. If the Federal Reserve Board cannot share the calculation with the lead state commissioner, the insurance holding company system is not exempt from the group capital calculation filing.
- (C) An insurance holding company system whose non-United States group-wide supervisor is in a reciprocal jurisdiction as described in section 1443(h) that recognizes the United States state regulatory approach to group supervision and group capital.
- (D) An insurance holding company system:
  - (i) that provides information to the lead state that meets the requirements for accreditation under the NAIC financial standards and accreditation program, either directly or indirectly through the groupwide supervisor, who has determined that the information is satisfactory to allow the lead state to comply with the NAIC group supervision approach, as detailed in the NAIC Financial Analysis Handbook, and
  - (ii) whose non-United States group-wide supervisor who is not in a reciprocal jurisdiction recognizes and accepts, as specified by the Commissioner in regulation, the group capital calculation as the worldwide group capital assessment for United States insurance groups that operate in that jurisdiction.
- (E) Notwithstanding the provisions of subsection (l), paragraph (2), subparagraphs (C) and (D), a lead state commissioner shall require the group capital calculation for United States operations of any non-United States based insurance holding company system where, after any necessary consultation with other supervisors or officials, it is considered appropriate by the lead state commissioner for prudential oversight and solvency monitoring purposes or for ensuring the competitiveness of the insurance marketplace.
- (F) Notwithstanding the exemptions from filing the group capital calculation stated in subsection (l), paragraph (2), subparagraphs (A) through (D), the lead state commissioner has the discretion to exempt the ultimate controlling person from filing the annual group capital calculation or to accept a limited group capital filing or report in accordance with criteria as specified by the commissioner in regulation.
- (G) If the lead state commissioner determines that an insurance holding company system no longer meets one or more of the requirements for an exemption from filing the group capital calculation under this section, the

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insurance holding company system shall file the group capital calculation at the next annual filing date unless given an extension by the lead state commissioner based on reasonable grounds shown.

(3) The ultimate controlling person of every insurer subject to registration and scoped into the NAIC liquidity stress test framework shall file the results of a specific year's liquidity stress test. The filing must be made to the lead state insurance commissioner of the insurance holding company system as determined by the procedures within the Financial Analysis Handbook adopted by the NAIC.

The NAIC liquidity stress test framework includes scope criteria applicable to a specific data year. These scope criteria are reviewed at least annually by the NAIC financial stability task force or its successor. Any change to the NAIC liquidity stress test framework or to the data year for which the scope criteria are to be measured is effective on January 1 of the year following the calendar year when the changes are adopted. Insurers meeting at least one threshold of the scope criteria are considered scoped into the NAIC liquidity stress test framework for the specified data year unless the lead state insurance commissioner, in consultation with the NAIC financial stability task force or its successor, determines the insurer should not be scoped into the framework for that data year. Similarly, insurers that do not

(A) trigger at least one threshold of the scope criteria are considered scoped out of the NAIC liquidity stress test framework for the specified data year, unless the lead state insurance commissioner, in consultation with the NAIC financial stability task force or its successor, determines the insurer should be scoped into the framework for that data year. Regulators wish to avoid having insurers scoped in and out of the NAIC liquidity stress test framework on a frequent basis. The lead state insurance commissioner, in consultation with the NAIC financial stability task force or its successor, shall assess this concern as part of the determination for an insurer.

(B) The performance of, and filing of the results from, a specific year's liquidity stress test must comply with the NAIC liquidity stress test framework's instructions and reporting templates for that year and any lead state insurance commissioner determinations, in consultation with the NAIC financial stability task force or its successor, provided within the framework."

Section 326, subsection (a) is amended as follows:

(1) In paragraph (1), by adding the following subparagraphs (G) and (H):

"(G) (i) If the Commissioner determines that an insurer is in a hazardous financial condition as set forth in sections 519 and 520 of this title, or a condition that is grounds for supervision, conservation or a delinquency proceeding as set forth in chapter 51 of this title, the Commissioner may require the insurer to secure and maintain either a deposit, held by the Commissioner, or a bond, as determined by the insurer at the insurer's discretion, for the

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protection of the insurer for the duration of the contract or agreement, or the existence of the condition for which the Commissioner required the deposit or the bond. In determining whether a deposit or a bond is required, the Commissioner shall consider whether concerns exist regarding the affiliated person's ability to fulfill the contract or agreement if the insurer were to be put into liquidation.

(ii) When the insurer is determined to be in a hazardous financial condition or a condition that is grounds for supervision, conservation or a delinquency proceeding, and a deposit or bond is necessary, the Commissioner shall determine the amount of the deposit or bond, not to exceed the value of the contract or agreement in any one year, and whether the deposit or bond is required for a single contract, multiple contracts or a contract with a specific person.

(H)(i) All records and data of the insurer held by an affiliate are and remain the property of the insurer, are subject to control of the insurer, are identifiable, and are segregated or readily capable of segregation, at no additional cost to the insurer, from all other persons' records and data. This includes all records and data that are otherwise the property of the insurer, in whatever form maintained, including, but not limited to, claims and claim files, policyholder lists, application files, litigation files, premium records, rate books, underwriting manuals, personnel records, financial records or similar records within the possession, custody or control of the affiliate.

(ii) At the request of the insurer, the affiliate shall provide that the receiver can obtain a complete set of all records of any type that pertain to the insurer's business; obtain access to the operating systems on which the data is maintained; obtain the software that runs those systems either through assumption of licensing agreements or otherwise; and restrict the use of the data by the affiliate if it is not operating the insurer's business. The affiliate shall provide a waiver of any landlord lien or other encumbrance to give the insurer access to all records and data in the event of the affiliate's default under a lease or other agreement.

(iii) Premiums or other funds belonging to the insurer that are collected by or held by an affiliate are the exclusive property of the insurer and are subject to the control of the insurer. Any right of offset if an insurer is placed into receivership is subject to chapter 51 of this title.”; and

By adding the following paragraph (6):

“(6) (A) Any affiliate that is party to an agreement or contract with a domestic insurer that is subject to subsection (a)(2)(D) is subject to the jurisdiction of any supervision, seizure, conservatorship, receivership or delinquency proceeding set forth in chapter 51 of this title against the insurer, and to the authority of any supervisor, conservator, rehabilitator, liquidator or receiver for the insurer appointed pursuant to chapter 51, for the purpose of interpreting, enforcing and overseeing the affiliate's obligations under the agreement or contract to perform services for the insurer that:

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- (i) Are an integral part of the insurer's operations, including, but not limited to management, administrative, accounting, data processing, marketing, underwriting, claims handling, investment or any other similar functions; or
- (ii) Are essential to the insurer's ability to fulfill its obligations under insurance policies.

(C) The Commissioner may require that an agreement or contract under subsection (a)(2)(D) for the provision of services described in (i) and (ii) of this paragraph, specify that the affiliate consents to the jurisdiction as set forth in this paragraph."

Section 330 is amended as follows:

(1) In subsection (a), by inserting "are recognized by the Virgin Islands as proprietary and contain trade secrets, and" after "section 329", and by adding paragraphs

(1) and (2) that read as follows:

"(1) For purposes of the information reported and provided to the Division of Banking, Insurance and Financial Regulation under section 325(l)(2), the Commissioner shall maintain the confidentiality of the group capital calculation and group capital ratio produced in the calculation and any group capital information received from an insurance holding company supervised by the Federal Reserve Board or any United States group wide supervisor.

For purposes of the information reported and provided to the Division of Banking, Insurance and Financial Regulation pursuant to section 325(l)(3), the Commissioner shall maintain the confidentiality of the liquidity stress test results and supporting disclosures and any liquidity stress test information received from an insurance holding company supervised by the Federal Reserve Board and non-United States group wide supervisors."

(2) In subsection (c) by striking paragraph (1) in its entirety and inserting the following new paragraph (1):

"(1) The Commissioner may share documents, materials or other information, including the confidential and privileged documents, materials or information subject to subsection (a), including proprietary and trade secret documents and materials, with other state, federal and international regulatory agencies, with the NAIC, with any third-party consultants designated by the Commissioner, and with local, state, federal, and international law enforcement authorities, including members of any supervisory college described in section 328, if the recipient agrees in writing to maintain the confidentiality and privileged status of the document, material or other information, and has verified in writing the legal authority to maintain confidentiality."

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(3) In subsection (c), paragraph (2), by inserting “(1)” after “section 325(l)” and by striking paragraphs (3) and (4) in their entirety and inserting the following new paragraphs (3) and (4):

“(3) The Commissioner may receive documents, materials or information, including otherwise confidential and privileged documents, materials or information, including propriety and trade-secret information from the NAIC and its affiliates and subsidiaries and from regulatory and law enforcement officials of other foreign or domestic jurisdictions, and shall maintain as confidential or privileged any document, material or information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the document, material or information; and

(4) The Commissioner shall enter into written agreements with the NAIC, and any third-party consultant designated by the Commissioner governing sharing and use of information provided under this chapter consistent with this subsection that must:

(A) specify procedures and protocols regarding the confidentiality and security of information shared with the NAIC or a third-party consultant designated by the Commissioner, including procedures and protocols for sharing by the NAIC with other state, federal or international regulators. The agreement must provide that the recipient agrees in writing to maintain the confidentiality and privileged status of the documents, materials or other information and has verified in writing the legal authority to maintain such confidentiality;

(B) specify that ownership of information shared with the NAIC, or a third-party consultant remains with the Commissioner and the NAIC’s or a third-party consultant’s, as designated by the Commissioner, use of the information is subject to the direction of the Commissioner;

(C) excluding documents, material or information reported under section 325(l)(3), prohibit the NAIC or third-party consultant from storing the information shared in a permanent database after the underlying analysis is completed;

(D) require prompt notice to be given to an insurer whose confidential information in the possession of the NAIC or a third-party consultant is subject to a request or subpoena to the NAIC or a third-party consultant for disclosure or production;

(E) require the NAIC or a third-party consultant to consent to intervention by an insurer in any judicial or administrative action in which the NAIC or a third-party consultant may be required to disclose confidential information about the insurer shared with the NAIC or a third-party consultant; and

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(F) for documents, material or information reporting under section 325(l)(3), in the case of an agreement involving a third-party consultant, provide for notification of the identity of the consultant to the applicable insurers.”

(4) In subsection (f) by inserting “or a third-party consultant designated by the Commissioner” after “NAIC”.

(5) By adding the following subsection (g):

“(g) The group capital calculation and resulting group capital ratio required under section 325(l)(2) and the liquidity stress test along with its results and supporting disclosures required under section 325(l)(3) are regulatory tools for assessing group risks and capital adequacy and group liquidity risks, respectively, and are not intended to rank insurers or insurance holding company systems generally. Therefore, except as otherwise provided under this chapter, the making, publishing, disseminating, circulating or placing before the public, or causing directly or indirectly to be made, published, disseminated, circulated or placed before the public in a newspaper, magazine or other publication, or in the form of a notice, circular, pamphlet, letter or poster, or over any radio or television station or any electronic means of communication available to the public, or in any other way as an advertisement, announcement or statement containing a representation or statement with regard to the group capital calculation, group capital ratio, the liquidity stress test results, or supporting disclosures for the liquidity stress test of any insurer or any insurer group, or of any component derived in the calculation by any insurer, broker, or other person engaged in any manner in the insurance business is misleading and is therefore prohibited; provided, however, that if any materially false statement with respect to the group capital calculation, resulting group capital ratio, an inappropriate comparison of any amount to an insurer’s or insurance group’s group capital calculation or resulting group capital ratio, liquidity stress test result, supporting disclosures for the liquidity stress test, or an inappropriate comparison of any amount to an insurer’s or insurance group’s liquidity stress test result or supporting disclosures is published in any written publication and the insurer is able to demonstrate to the Commissioner with substantial proof the falsity of the statement or the inappropriateness, as the case may be, then the insurer may publish announcements in a written publication if the sole purpose of the announcement is to rebut the materially false statement.”

## ANALYSIS

### *Intent of the Bill:*

This measure amends Title 22, Virgin Islands Code, Chapter 14 to implement revisions to the National Association of Insurance Commissioners’ (NAIC) Insurance Holding Company System Regulatory Act Model Law. The primary purpose of the amendment is to ensure the U.S. Virgin Islands’ continued compliance with NAIC accreditation standards while strengthening the Territory’s insurance regulatory framework to better protect policyholders.

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Specifically, the amendments enhance the supervision of insurance holding company systems by providing regulators with critical financial information at the group level. Group capital calculations allow regulators to assess capital adequacy across an entire insurance group, rather than on an entity-by-entity basis, thereby improving the ability to identify and mitigate systemic risk. Liquidity stress testing further strengthens oversight by evaluating an insurance group's capacity to meet short-term obligations under stressed financial conditions.

Adopted in 35 U.S. jurisdictions and being considered in another 10, the revisions also strengthen receivership provisions to ensure the continuation of essential services provided by affiliates of an insurer that may be entering receivership. This continuity is vital to minimizing disruptions in claims handling, policy administration, and other critical insurance operations, thereby protecting policyholders during periods of financial distress.

### ***Impact on Territorial Revenues***

The proposed amendments are not expected to generate new or direct revenue for the Government of the Virgin Islands. However, maintaining NAIC accreditation indirectly supports the stability of the Territory's insurance market by preserving insurer confidence and avoiding potential market exits that could reduce premium tax collections and licensing fees. Failure to remain accredited could have adverse long-term fiscal consequences, including increased regulatory costs and diminished insurance market participation.

### ***Impact on Government Expenditures***

The measure may result in *modest administrative and operational costs* for the Office of the Lieutenant Governor, Division of Banking, Insurance and Financial Regulation, related to implementation and ongoing compliance. Potential cost areas include:

- Staff training and professional development to ensure regulatory personnel are proficient in group capital calculations, liquidity stress testing, and enhanced holding company analysis.
- Data collection and analysis tools needed to review additional filings, financial reports, and stress test results submitted by insurance groups.
- Coordination with NAIC system and peer jurisdictions, which may require limited expenditures for system access, updates, or participation in accreditation-related activities.

The ***Group Capital Calculation (GCC)*** is a quantitative assessment designed to evaluate the collective risks and capital adequacy of entities within the Scope of Application. This assessment considers risks originating both within the insurance group and from outside the insurance group but within the broader holding company system. Its purpose is to enhance regulators' understanding of risks that could adversely affect the ability of entities within the scope to pay policyholder claims, consistent with the primary mission of insurance regulation. (NAIC, p.8)

The primary objective of ***liquidity stress testing*** is to enable Financial Stability Task Force (FSTF) regulators to identify potential levels of asset sales by insurers that could impact financial markets under stressed conditions. The stress scenarios are intentionally focused on industry-wide events that may affect multiple insurers within a similar timeframe. (NAIC, p.9)

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## ***NAIC Accounting Practices and Procedures:***

According to available research, the NAIC does not establish a single, fixed minimum capital and surplus requirement for all insurers. Instead, the NAIC develops model laws, regulations, and risk-based capital formulas that are adopted and implemented by individual states and territories. These requirements vary based on the type of insurer, the lines of insurance written, and the overall risk profile of the insurer's business.

The objectives of NAIC's capital and surplus requirements are to establish a standard of capital adequacy that;

- 1) Is risk-based;
- 2) Enhances financial safety and solvency insurers.
- 3) Promotes uniformity among states and territories; and
- 4) Provides regulators with clear authority to take action when an insurer's capital falls below established thresholds.

## ***Key NAIC Standards:***

**State and Territory Based Regulation:** Solvency regulation, including the establishment of statutory minimum capital and surplus requirements, is primarily the responsibility of individual states and territories.

**NAIC Risk Based Capital (RBC):** The NAIC developed the RBC system as a formula-based approach to assist regulators in identifying insurers that may require regulatory attention. RBC is not a fixed dollar amount; rather a calculated minimum level of capital based on the insurers' specific risk exposures.

**Regulatory Action Levels:** The RBC framework establishes multiple capital adequacy thresholds, such as the Company Action Level and Regulatory Action Level, which trigger graduated levels of regulatory intervention.

**Surplus Line Insurers:** U.S. domiciled surplus lines insurers, the NAIC Non-admitted Insurance Model Act requires a minimum capital and surplus of at least **\$15 million**

The states and territories are required to have a fixed minimum capital and surplus range from **\$300,000 to \$15 million**, depending on the jurisdiction and the lines of insurance written. Multi-line insurers are required to hold more capital than mono-line insurers.

The U.S Virgin Islands insurers are required to maintain capital and surplus of no less than **\$7 million**. Alien insurers must maintain a trust fund amount of no less than **\$2.5 million**

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### **SUMMARY**

The Post Audit Division recommends approval of Bill No. 36-0184. Implementation of this measure will promote greater uniformity between territorial insurance laws and national and international insurance regulatory standards. Most importantly, it strengthens safeguards designed to protect the interests of policyholders in the U.S. Virgin Islands.

Overall, this measure modernizes the Virgin Islands' insurance regulatory framework by strengthening solvency oversight, enhancing transparency, and improving risk assessment across insurance groups. Adoption of these amendments represents a proactive and necessary step to ensure continued regulatory alignment, financial stability, and confidence in the Territory's insurance market. The fiscal impact is expected to be minimal in the short term, with modest administrative costs offset by the significant benefit of maintaining NAIC accreditation and regulatory credibility. Over the long term, the amendments support a stable insurance marketplace, protect policyholders, and reduce the risk of substantial fiscal exposure associated with insurer insolvency. Accordingly, this measure constitutes a fiscally prudent investment in the Territory's insurance regulatory framework.



Theodora Philip, DBA  
Post Auditor

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## CAPITAL AND SURPLUS AND DEPOSIT REQUIREMENTS FOR SURPLUS LINES COMPANIES

NAIC Model Laws, Regulations, Guidelines and Other Resources—Summer 2023

### Addendum

STATE	CITATION	CAPITAL & SURPLUS	DEPOSIT/TRUST FUND
UT (6/23)	§ 31A-15-103	Insurer shall be in compliance with risk-based capital standards or maintains \$15 million capital and surplus, whichever is greater. The unauthorized insurer is not a U.S. domiciled insurer but is listed by the NAIC International Insurers Department.	Any Lloyd's organization must maintain a trust fund in an amount of not less than \$50 million.
VT (6/23)	8 V.S.A. § 5026	Insurer shall have capital and surplus that equals the greater of the minimum capital and surplus requirements of Vermont or \$15 million. Alien insurer is listed on the quarterly listing of alien insurers maintained by the NAIC. A nonadmitted insurer may receive approval upon an affirmative finding by the commissioner. In no event, however, shall the commissioner make an affirmative finding of acceptability when the surplus lines insurer's capital and surplus is less than \$4.5 million.	No provision
VI (6/23)	22 V.I.C. § 659	Capital and surplus of no less than \$7 million.	Alien insurer must maintain trust fund in U.S. of not less than \$2.5 million.
VA (6/23)	§ 38.2-4811	Insurer shall have capital and surplus that equals the greater of the minimum capital and surplus requirements of Virginia or \$15 million. Alien insurer is listed on the quarterly listing of alien insurers maintained by the NAIC. In no event shall the commission make an affirmative finding of acceptability when the surplus lines insurer's capital and surplus is less than \$4.5 million.	No provision
WA (6/23)	§ 48.15.090	Insurer shall have capital and surplus that equals the greater of the minimum capital and surplus requirements of Washington or \$15 million. Alien insurer is listed on the quarterly listing of alien insurers maintained by the NAIC. The commissioner is prohibited from making an affirmative finding of acceptability when the foreign insurer's capital and surplus is less than \$4.5 million.	No provision