

State Corporation Commission
2001 Fiscal Impact Statement

1. Bill Number SB1102

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed

Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron Colgan

3. Committee Passed Both Houses

4. Title Insurance.

5. Summary/Purpose:

The bill conforms provisions regarding the confidential treatment of proprietary financial information regarding insurers held by the State Corporation Commission. The bill also standardizes the provisions dealing with when and under what circumstances the Commission may disclose such information. Disclosures may generally be made to (i) a regulatory official of any state or country; (ii) the National Association of Insurance Commissioners, its affiliate, or its subsidiary; or (iii) a law enforcement authority of any state or country. Disclosures by the Commission shall not constitute a waiver of confidentiality of information. The measure also provides that information denominated in writing as confidential by a federal regulator and received by the Commission pursuant to the Gramm-Leach-Bliley Act shall be excluded from subpoena or public inspection. The Commission may provide a federal regulator with information with respect to any insurance business that is an affiliate or agent of a depository institution or financial holding company if the federal regulator agrees in writing to maintain such information in confidence and to take all reasonable steps to oppose any effort to secure its disclosure

6. No Fiscal Impact

7. Budget amendment necessary: No

8. Fiscal implications: None

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance, and Bureau of Financial Institutions

10. Technical amendment necessary: No

11. Other comments: Senator Colgan introduced Senate Bill 1102 at the request of the State Corporation Commission Bureau of Insurance. The legislation is in response to the federal Gramm-Leach-Bliley Financial Services Modernization Act. This federal Act requires the Commission to share proprietary financial information with federal regulators, in particular federal bank regulators. By changing the Code of Virginia in this manner, insurers may avoid direct on-site examinations by federal regulators. Under current law, the Commission is only permitted to share financial information with other state regulators and the National Association of Insurance Commissioners, not with federal, law enforcement or international regulators. With the growth of global financial services industries, there may be a need to share information with non-U.S. regulators who are responsible for insurers and other financial entities affiliated with companies doing business in Virginia. Also, to meet the increased information needs of state insurance regulators, the National Association of Insurance Commissioners has placed some critical

information processing facilities into wholly controlled affiliates. The bill would allow Virginia to participate fully in these national databases.

Date: February 26, 2001

Analyst's Name: Van Tompkins (804) 371-9802

cc: Secretary of Commerce and Trade

PDF Created 2/26/2001 1:27:57 PM