

**State Corporation Commission**  
**2001 Fiscal Impact Statement**

**1. Bill Number** SB913

**House of Origin** ☒ Introduced ☐ Substitute ☐ Engrossed

**Second House** ☐ In Committee ☐ Substitute ☐ Enrolled

**2. Patron** Wampler

**3. Committee** Commerce and Labor

**4. Title** Insurance agents; licensing.

**5. Summary/Purpose:**

Insurance agents; licensing. Incorporates the reciprocal agent licensing provisions of the NAIC Producer Licensing Model legislation that are necessary to comply with the Gramm-Leach-Bliley Act (GLBA). The measure also updates current laws, makes them more consistent with the laws of other states, and clarifies internal inconsistencies. Specific changes include (i) consolidating six current restricted licenses into one limited life and health license; (ii) consolidating five current restricted licenses into one limited property and casualty license; (iii) consolidating five types of credit insurance licenses into one new license; (iv) creating new specific nonresident license types to allow for full reciprocal licensing with other states; (v) creating a new "personal lines" license aimed primarily at those entering the insurance business and customer service representatives at insurance companies and insurance agencies who, while involved in sales, deal only with personal lines; (vi) creating anew "life and annuities" license and a new "health" license; (vii) liberalizing reciprocity for licensing nonresident agents based upon their qualifications in their home state;(viii) making the grounds upon which a license may be denied, suspended or revoked more consistent with the grounds utilized in other states; and (ix)making continuing education requirements fully reciprocal for agents and consultants who provide satisfactory certification that they have satisfied the level of continuing education required in their home state. Among other changes not mandated by GLBA, the measure repeals the 45-hour prelicensing study course requirement and changes the current appointment fee to an appointment processing fee applicable to each transaction, regardless of whether the appointment is successfully processed. The statutory maximum for the appointment fee is raised from \$15 to \$25. While most of the measure will become effective on September 1, 2002, some continuing education provisions will become effective January 1, 2003, and others will be effective July 1,2001.

**6. Fiscal Impact Estimates are Preliminary**

**6a. Expenditure Impact: See Item 8**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-01	0	0	NGF
2001-02	\$50,000	0	NGF
2002-03	\$15,000	0	NGF

**6b. Revenue Impact: See Item 8**

<i>Fiscal Year</i>	<i>Dollars</i>	<i>Positions</i>	<i>Fund</i>
2000-01	0	0	NGF
2001-02	0	0	NGF
2002-03	\$300,000	0	NGF

7. Budget amendment necessary: No

8. Fiscal implications: The implementation of Senate Bill 913 will necessitate a number of automated system changes to the State Corporation Commission Bureau of Insurance Agent Licensing system. In anticipation of this, the legislation includes a delayed effective date so as to provide sufficient time for the Bureau to allocate both the financial and human resources needed for implementation. While the combining of a number of currently separate license types into three consolidated license type will result in a reduction in licensing fees, the impact should be negligible because these are one-time fees and a comparatively small percentage of applicants apply for these licenses. The change from an “appointment fee” to an “appointment processing fee” is expected to generate approximately \$250,000 in additional annual revenue, and the creation of a late penalty for paying the quarterly appointment billings is expected to generate approximately \$50,000 in additional annual revenue. The increased revenue should more than offset the reduction in license fees and will fund a substantial percentage of the costs of the Bureau’s automated system upgrades and modifications.

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: No

11. Other comments: Senator Wampler introduced Senate Bill 913 at the request of the State Corporation Commission Bureau of Insurance.

**Date:** January 15, 2001

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**cc:** Secretary of Commerce and Trade

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