

State Corporation Commission

2002 Fiscal Impact Statement

1. Bill Number HB199

House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. Patron Callahan

3. Committee House Commerce and Labor

4. Title Change of insurance agent of record.

5. Summary/Purpose:

This bill amends §38.2 -1812 which is in effect until September 1, 2002 and as it will be effective on September 1, 2002. The bill revises the section in the Agents Chapter that relates to the payment and sharing of commissions and provides that insurers must accept and honor each request from a policyholder to change the agent of record within 30 days unless the policyholder makes a written request to withdraw the change. The change of the agent of record will not be effective unless the new agent of record is duly appointed. The new agent must be paid all commissions paid for the policy beginning no later than the next anniversary date of the policy after the change. This does not include (i) vested life insurance commissions and (ii) commissions or other compensation payable under the insurer's plan of retirement or deferred compensation with the agent. The request for changing the agent of record must be in writing and must include the policyholder's name and address; insurer's name and address; policy number; name and address of the new agent of record; date of request; policyholder's signature and signature of acceptance by new agent. The bill does not require an insurer to appoint an agent of record, change existing contracts with an agent that provides direct compensation in lieu of commissions, or require payment of full commissions to a new agent when the original agent or current agent continues to have responsibility for processing and other matters regarding the policyholder.

6. No Fiscal Impact on state agencies

7. Budget amendment necessary: No

8. Fiscal implications: None

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

10. Technical amendment necessary: None

11. Other comments: The Bureau of Insurance recommends that the patron consider clarifying in House Bill 199 that a transfer in the agent of record should occur at the end of the policy period, not during the policy year. Also, the patron may wish to consider amending House Bill 199 to require the old agent of record be notified. The Bureau of

Insurance has been informed that the Professional Insurance Agents agrees with the Bureau's recommendation, and has made this recommendation to Delegate Callahan.

Date: 1/16/02/V.Tompkins

cc:Secretary of Health and Human Resources