

State Corporation Commission

2002 Fiscal Impact Statement

1. **Bill Number** HB199

House of Origin	<input type="checkbox"/> Introduced	<input checked="" type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input checked="" type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. **Patron** Callahan

3. **Committee** Senate Commerce and Labor

4. **Title** Change of insurance agent of record.

5. **Summary/Purpose:** 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.

On February 6, 2002, an amendment in the nature of a substitute to HB199 was passed by the House Committee on Commerce and Labor. The latest revisions were made to clarify that (i) the change in agent of record cannot occur until the policy's next renewal date; (ii) the insurer must advise the current agent of record in writing before the effective date of the change; (iii) the requirement only applies to property and casualty insurance agents; and (iv) the law change takes effect September 1, 2002.

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:** None

Date: 2/12/02/V.Tompkins

cc:SecretaryofHealthandHumanResources