

State Corporation Commission 2003 Fiscal Impact Statement

1. Bill Number SB877

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

2. Patron Wampler

3. Committee Commerce and Labor

4. Title Insurance agents; payment of late payment penalties.

5. Summary/Purpose: Senate Bill 877 amends Sections 38.2 -1833 and 38.2 -1834 to clarify that an insurer's failure to pay penalties imposed as a result of late payment of appointment processing fees and renewal appointment fees constitutes nonpayment of the required fees, and such failure constitutes grounds for termination of the agent's appointment.

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

10. Technical amendment necessary: No

11. Other comments: Senator Wampler introduced Senate Bill 877 at the request of the State Corporation Commission Bureau of Insurance. It is a follow-up measure to 2001 Senate Bill 913, which was a re-write of the Insurance Agents Chapter (Chapter 18 of Title 38.2). The revised Chapter 18 contained some new penalty provisions. Since the reenactment of the chapter, some insurers apparently have not realized that the penalty was intended to be considered part of the amount of money owed to the Commission. Thus, a number of insurers, when contacted regarding overdue appointment and/or appointment renewal fees, have paid the overdue amount, but have failed to pay the \$50 per day penalty for late payment. SB877 will, therefore, serve to specify that the Bureau of Insurance has the right to administratively terminate appointments for which either or both the appointment or appointment renewal fee or the late payment penalty has not been paid. The due dates for the appointment and appointment renewal fees are already established in the statute. It should be noted that the Commission must give due notice and a final opportunity for the insurer to submit the overdue payment and penalty fees before actually initiating appointment terminations. There is no known opposition to this bill.

Date: 01/12/03/V.Tompkins

cc:SecretaryofCommerceandTrade