

State Corporation Commission 2004 Fiscal Impact Statement

1. Bill Number HB1019

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 Dillard

3. Committee Committee and Labor

4. Title Homeowners insurance policy nonrenewals for claims from other than natural causes.

5. Summary/Purpose: Prohibits insurers from non-renewing a policy written to insure an owner-occupied dwelling solely due to any claim resulting primarily from other than natural causes unless such claim is related to a substantial increase in the risk of loss assumed under the policy.

6. No Fiscal Impact on the State Corporation Commission

7. Budget amendment necessary: No

8. Fiscal implications: None on the State Corporation Commission

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

10. Technical amendment necessary: No

11. Other comments: On January 29, 2004, the bill was carried over to the 2005 Session. The Bureau of Insurance advised Delegate Dillard its concern that any additional prohibitions in Virginia's non-renewal of owner-occupied dwelling statutes may cause insurers to tighten their underwriting guidelines for new business, ultimately having the effect of restricting the entire homeowners insurance market in Virginia rather than making insurance more available for consumers. If insurers are worried that they will not be able to underwrite freely at renewal, they will underwrite more stringently at the time of application. The Bureau also recommended to the patron that specific guidelines be guided to the bill to define what constitutes "a substantial increase in the risk of loss," since it is a subjective criterion and could vary from insurer to insurer.

Date: 02/05/04 / V. Tompkins

cc: Secretary of Commerce and Trade