

State Corporation Commission 2004 Fiscal Impact Statement

1. Bill Number SB156

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

2. Patron Potts

3. Committee Commerce and Labor

4. Title Insurance; dental plan organizations.

5. Summary/Purpose: Authorizes operation of “dental plan organizations,” which conduct an insurance business by issuing group and individual contracts, certificates, and evidences of coverage as provided for in Chapter 61 of Title 38.2. Provisions proposed for the new chapter (i) define key terms, (ii) specify minimum capital and surplus and other licensing requirements, (iii) set forth required, optional, and delivery provisions for dental benefit contracts, (iv) prescribe grace period requirements, (v) enumerate provisions for plan dentists contracts that apply if a dental plan organization contracts with a “plan dentist,” (vi) clarify application of examination and agent licensure statutes, and (vii), in a section addressing statutory construction and relationship of the chapter to the other laws, provide that except as otherwise expressly provided in Chapter 61, all other provisions of Title 38.2 applicable to an insurer licensed pursuant to § 38.2-1024 shall apply to dental plan organizations unless such provisions conflict with any provision in Chapter 61. Additional changes concern policy form filings, the insurer’s investments, guaranty fund coverage, agent licensure, and the assessment of premium taxes and subscription fees that are filed with the State Corporation Commission.

6. Fiscal Impact Estimates are final (see Item 8)

7. Budget amendment necessary: No

8. Fiscal implications: The licensing of dental plan organizations will require modifications to the computer systems of the State Corporation Commission Bureau of Insurance that will cost approximately \$33,000.

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

10. Technical amendment necessary: No

11. Other comments: The Bureau of Insurance worked with interested parties on SB 156, and the amendments adopted in the engrossed version of the bill were made at the request of the Bureau. The amendments more firmly establish guaranty fund coverage, clarify the authority of the Commission to request necessary and essential information for licensure, clarify regulatory expectations concerning rate increases, and simplify the sweep-in language contained in the bill.

Date: 02/18/04 / V.Tompkins

cc: Secretary of Commerce and Trade