

State Corporation Commission 2006 Fiscal Impact Statement

1. Bill Number HB261

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 Hargrove

3. Committee Commerce and Labor

4. Title Insurance agents; compliance with continuing education requirements.

5. Summary/Purpose: Permits an insurance agent who completed the required continuing education courses but failed to submit proof of compliance within the permitted time to submit proof of compliance after the State Corporation Commission has issued a notice of impending termination of the agent's license. To make such a late submission of proof of compliance, the agent is required to submit the proof of compliance along with the requisite filing fees and a \$500 penalty within the 30-day period following the Commission's issuance of notice of impending termination of the license.

In the engrossed version of the bill, the new provisions limit the administrative penalty per licensed agent to \$1000 no matter how many licenses the agent held prior to his failure to comply with continuing education requirements led to the termination of his license(s).

6. Fiscal Impact Estimates are final. See Line 8.

7. Budget amendment necessary: No

8. Fiscal implications: At the end of the most recent continuing education biennium, 78 agents who had successfully completed their continuing education courses failed to file proof of compliance. If each of these agents had paid the \$500 penalty that would become law with the enactment of House Bill 261, the increase in revenue to the special fund for the maintenance of the Bureau of Insurance would have been \$39,000. In addition, the Bureau of Insurance estimates \$7,000 in systems costs to implement program changes as a result of House Bill 261.

With the engrossed version of the bill, revenues to the special fund for the maintenance of the Bureau of Insurance would be reduced depending on the number of terminated agents who lose more than one license type at the end of future continuing education biennia.

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

10. Technical amendment necessary: No

11. Other comments: The amendments contained in the engrossed version of House Bill 261 include amendments on Lines 137-138 and Line 145 that were inadvertently omitted from the original bill. These amendments clarify that agents who held more than one type of license (e.g. both a property and casualty and a life and annuities license) before their licenses were terminated for failing to comply the continuing education requirements for agents will no longer have to pay a \$1000 penalty for each license; if the bill is enacted, each agent would pay a total penalty of \$1000 no matter how many licenses he held prior to their termination.

The bill comes at the recommendation of and with the support of the Virginia Insurance Continuing Education Board. Representatives of the State Corporation Commission Bureau of Insurance are non-voting members of the Board.

Date: 01/29/06 / V. Tompkins

cc: Secretary of Commerce and Trade