

State Corporation Commission 2006 Fiscal Impact Statement

1. Bill Number HB261

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

2. Patron Hargrove

3. Committee Passed Both Houses

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. Also limits 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 not available. See Line 8.

7. Budget amendment necessary: No

8. Fiscal implications: The fiscal impact of this legislation is speculative and would fluctuate every biennium depending on the number of agents failing to file proof of compliance for continuing education courses completed. 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 enrolled 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 on lines 135-136 and line 143 inserts language 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 legislation 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: 03/7/06 / V. Tompkins

cc: Secretary of Commerce and Trade