

State Corporation Commission 2008 Fiscal Impact Statement

1. Bill Number: HB542

House of Origin ☐ Introduced ☐ Substitute ☒ Engrossed
Second House ☒ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Nixon

3. Committee: Commerce and Labor

4. Title: Insurance agents; notice of appointment.

5. Summary/Purpose: Eliminates the requirement that the State Corporation Commission Bureau of Insurance provide a paper notification to an agent who is successfully appointed by an insurer. Insurers shall notify the agent whether the appointment is valid or invalid within five business days

6. Fiscal Impact Estimates: See Line 8

7. Budget amendment necessary: No

8. Fiscal implications: The elimination of the paper notification will result in moderate cost savings in postage, supplies and staff hours to prepare and mail the notifications.

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

10. Technical amendment necessary: No

11. Other comments: The amendment in the January 22, 2008 engrossed version of House Bill 542 restored language to § 38.2-1833 A 4 that was inadvertently stricken.

House Bill 542 was introduced at the request of the State Corporation Commission Bureau of Insurance. Virginia was one of the last states that had a requirement for a paper notification by the insurance department to the agent regarding a successful appointment. In the great majority of states, that notification to agent responsibility rests with the insurer. The Bureau electronically notifies insurers of all agents' appointment status via the insurers' authorized business partners. Insurers had already been informing agents of their appointment status upon notification by the Bureau, rendering the Bureau's paper notification redundant. The provisions of House Bill 542 will make Virginia's licensing requirements more uniform with those of other states.

Date: 01/23/08 / V. Tompkins
cc: Secretary of Commerce and Trade