

## 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:** Senate Floor

**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. The Commission must notify the appointing insurer if the appointment of an agent is invalid within five days of its receipt of the appointment notice and the insurer shall notify the agent in writing of the invalid appointment within five business days of receiving such notice from the Commission. An agent is prohibited from selling or soliciting insurance after receiving notice of an invalid appointment.

**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 Bureau of Insurance 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:** 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:** 0/20/08 / V. Tompkins  
**cc:** Secretary of Commerce and Trade