

State Corporation Commission

2008 Fiscal Impact Statement

1. Bill Number: HB549

House of Origin X Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: Nixon

3. Committee: Commerce and Labor

4. Title: **Insurance; funding agreements.**

5. Summary: Provides for the creation of separate accounts for funding agreements, and that funding agreement assets held in the general account entitle the funding agreement holder to the same priority of distribution as other policyholders. The amendment to § 38.2-1401 strikes the word “established” in the definition of “admitted assets.” Amendments to § 38.2-1443.1 add funding agreements to the list of contracts/agreements whose amounts may be allocated to separate accounts, and that such amounts may be invested and reinvested by domestic insurers in any Category 1 investment. Amendments to § 38.2-3100.2 E require an insurer to file with the Commission a statement as to its methods of operation before it may enter into an agreement in which the funding agreement assets will be allocated to a separate account. Amendments to § 38.2-3100.2 F (now G) reword the section to clarify that funding agreement assets held in the insurer’s general account will be treated as an insurance contract and the holder of the funding agreement will be entitled to same priority of distribution as other policyholders. A new § 38.2-3100.2 H authorizes the Commission to require domestic insurers, who have established separate accounts for funding agreements, to file periodic or special reports in addition to the annual statement required pursuant to § 38.2-1300. A new § 38.2-3100.2 I requires prior approval from the Commission before an insurer can transfer any assets from any other accounts to a separate account established for a funding agreement.

6. No Fiscal Impact on the State Corporation Commission

7. Budget amendment necessary: No

8. Fiscal implications: None on the State Corporation Commission

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 Genworth Financial, Inc. to develop the language of House Bill 549.

Date: 02/05/08/V. Tompkins

cc: Secretary of Commerce and Trade

Secretary of Health and Human Resources