

State Corporation Commission 2010 Fiscal Impact Statement

1. Bill Number: HB448

House of Origin ☐ Introduced ☒ Substitute ☐ Engrossed

Second House ☒ In Committee ☐ Substitute ☐ Enrolled

2. Patron: Ware, R.L.

3. Committee: Commerce and Labor

4. Title: **Virginia Life, Accident and Sickness Insurance Guaranty Association.**

5. Summary: Virginia Life, Accident and Sickness Insurance Guaranty Association. Updates and expands the scope of the Virginia Life, Accident and Sickness Insurance Guaranty Association. The Association provides a system for the protection of policy owners, annuitants, and other persons against failure in an insurer's performance of its contractual obligations under life and accident and sickness insurance policies and annuity contracts as a result of the insurer's impairment or insolvency.

6. No Fiscal Impact on the State Corporation Commission

7. Budget amendment necessary: No

8. Fiscal implications: No fiscal impact on the State Corporation Commission. An increase in the Guaranty Association limits may reduce premium tax revenue due to the fact that guaranty fund certificates for premium tax credits (known as guaranty fund certificates of contribution) will be issued based on member insurers being assessed for insolvencies to a greater extent due to the increased limit. Pursuant to current law, any tax credit will be amortized over ten years.

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

10. Technical amendment necessary: No

11. Other comments: House Bill 448 updates and expands the scope of the Virginia Life, Accident and Sickness Insurance Guaranty Association (Guaranty Association), and brings the law into conformity with the NAIC's (National Association of Insurance Commissioners) Life and Health Insurance Guaranty Association Model Act.

House Bill 574 has been rolled into House Bill 448 and an amendment in the nature of a substitute was passed by the House.

Date: 02/15/10 V. Tompkins

cc: Secretary of Health and Human Resources