

State Corporation Commission 2010 Fiscal Impact Statement

1. Bill Number: HB539

House of Origin	<u> X </u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Marshall, D.W.

3. Committee: Commerce and Labor

4. Title: **Group accident and sickness insurance coverage; minimum number of covered persons.**

5. Summary: Provides that if a group of at least two members has a decrease to less than two members, not including spouses or minor children, during a policy term, an insurer cannot cancel the policy or otherwise affect the validity of the policy or coverage until the next expiration or renewal date.

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: House Bill 539 amends § 38.2-3523.4, relating to minimum group size for accident and sickness insurance policies. The language added in the newly created subsection B will prevent insurers from terminating or canceling group policies when the group size drops below the level prescribed in subsection A (at least two persons) until the next scheduled expiration or renewal date of the policy. Insurers will also be prohibited from contesting the validity of the policy in those same circumstances. The Bureau of Insurance has had a few consumer complaints regarding cancellations resulting from the failure of the group to meet the minimum size requirements.

House Bill 539 is currently assigned to House Commerce and Labor Subcommittee #2.

Date: 02/03/10 V. Tompkins

cc: Secretary of Commerce and Trade
Secretary of Health and Human Resources