

State Corporation Commission 2010 Fiscal Impact Statement

1. Bill Number: HB 574

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: Cole

3. Committee: Commerce and Labor

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

5. Summary: Increases the maximum amount of guaranty fund coverage under the Virginia Life, Accident and Sickness Insurance Guaranty Association for life insurance policies from \$300,000 to \$500,000.

6. No Fiscal Impact on the State Corporation Commission

7. Budget amendment necessary: No

8. Fiscal implications: None 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 574 is similar to House Bill 448, which also increases the maximum amount of guaranty fund coverage for life insurance policies from \$300,000 to \$500,000 along with other amendments to the Guaranty Association chapter. House Bill 574 was rolled into House Bill 448 by the House Committee on Commerce and Labor.

Date: 02/03/10 V. Tompkins

cc: Secretary of Health and Human Resources