

## State Corporation Commission 2011 Fiscal Impact Statement

**1. Bill Number:** HB2286

<b>House of Origin</b>	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Enrolled

**2. Patron:** Sickles

**3. Committee:** Passed Both Houses

**4. Title:** Surplus lines insurance.

**5. Summary:** Eliminates the requirement that a surplus lines broker be licensed in Virginia unless the broker is selling, soliciting, or negotiating contracts of insurance for insureds whose home state is Virginia. Establishes uniform eligibility requirements for the approval of nonadmitted, or unlicensed, insurers in Virginia. Clarifies that surplus lines premium taxes will be collected for risks whose home state is Virginia.

**6. Budget amendment necessary:** No

**7. Fiscal Impact Estimates:** Fiscal impact estimates are not available. See Line 8

**8. Fiscal implications:** The State Corporation Commission Bureau of Insurance currently collects approximately \$12 million in general fund revenue from surplus lines brokers. There is some uncertainty as to the potential revenue impact of House Bill 2286 because the federal law also changes the method by which premium tax is calculated.

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

**10. Technical amendment necessary:** No

**11. Other comments:** House Bill 2286 was introduced at the request of the Bureau of Insurance. The provisions of the bill implement provisions of the federal Nonadmitted and Reinsurance Reform Act of 2010, which requires states to adopt nationwide uniform requirements, forms, and procedures for the reporting, payment, collection, and allocation of insurance premium license taxes for nonadmitted insurance. Nonadmitted insurance is insurance sold by unlicensed but approved insurance companies through licensed surplus lines brokers.

**Date:** 02/22/11 V. Tompkins

cc: Secretary of Commerce and Trade

Secretary of Health and Human Resources