

State Corporation Commission 2012 Fiscal Impact Statement

1. Bill Number: SB591

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

2. Patron: Puckett

3. Committee: Passed Both Houses

4. Title: MEWA; increases number of residents employed at bank who may receive accident and sickness benefits.

5. Summary: Health insurance; multiple employer welfare arrangements. Provides that a multiple employer welfare arrangement (MEWA) that is comprised of only banks and their plan-sponsoring organization (bank-sponsored MEWA) are exempt from the requirements of this section. The MEWA must be (i) duly licensed as a MEWA by the insurance regulatory agency of a state contiguous to the Commonwealth; (ii) files with the Commission a copy of its certificate of authority or other proper license from the contiguous state; and (iii) has no more than 500 Virginia residents who are employees of its member banks enrolled in or receiving accident and sickness insurance benefits as insureds or subscribers of the MEWA; and (iv) is subject to solvency examination authority and reserve adequacy requirements determined by sound actuarial principles by such domiciliary contiguous state.

6. Budget amendment necessary: No

7. No fiscal impact on the State Corporation Commission. Final.

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 initial exemption in subsection B of § 38.2 -3420 was enacted in 2004 and only applied to a MEWA comprised of banks (eligible for insurance by the Federal Deposit Insurance Corporation) and their employees. In 2011, the subsection was further amended to include banks and their plan-sponsoring organizations.

In 2011, the State Corporation Commission Bureau of Insurance had discussions with representatives of the North Carolina Bankers Association (NCBA) regarding increasing the number of covered employees of a bank-sponsored MEWA from 50 to 250. There are new NCBA members from Virginia that became part of the NCBA due to an acquisition by a North Carolina bank of a Virginia bank that was under regulatory control in Virginia. The increase from 50 to 500 Virginia resident members would allow these additional Virginia members to remain part of the NCBA.

Date: 02/28/12/V. Tompkins

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