

State Corporation Commission

2016 Fiscal Impact Statement

1. Bill Number: HB31

House of Origin ☐ Introduced ☐ Substitute ☐ Engrossed
Second House ☐ In Committee ☐ Substitute ☒ Enrolled

2. Patron: Miller

3. Committee: Passed Both Houses

4. Title: Automobile, commercial liability, and homeowners insurance policies; notices.

5. Summary: Restores the ability of insurers, when sending certain types of notices, including notice of cancellation or nonrenewal of a motor vehicle, commercial liability, or homeowners' insurance policy, to use mailing methods for which a certificate of mailing is obtained from the United States Postal Service, provided that certificates of bulk mail are not permissible. The measure also clarifies that Intelligent Mail barcode Tracing is a permitted first-class mail tracking method and clarifies that insurers are required to maintain records regarding the sending of such notices for one year, regardless of the method used to send the notice. The bill contains an emergency clause.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates: No Fiscal Impact on the State Corporation Commission

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 2015 General Assembly enacted legislation to permit the use of Intelligent Mail barcode (IMb) Tracing as a method insurers could use as proof of mailing for termination notices. The legislation also eliminated other methods for proof of mailing, such as "certificate of mailing" and "certificate of bulk mailing." Some insurers were not prepared to adopt the use of the IMb process in 2015, and were using the more expensive registered or certified mail processes to satisfy the proof of mailing requirement. House Bill 31 restores the option of using certificate of mailing as a method insurers may use to demonstrate proof of mailing termination notices.

House Bill 31 is identical to Senate Bill 192. The bill contains an emergency clause.

Date: 02/16/16/V. Tompkins

cc: Secretary of Commerce and Trade