State Corporation Commission
2018 Fiscal Impact Statement

1. **Bill Number:** HB1304

   House of Origin ☒ Introduced ☐ Substitute ☐ Engrossed

   Second House ☐ In Committee ☐ Substitute ☐ Enrolled

2. **Patron:** Habeeb

3. **Committee:** Commerce and Labor

4. **Title:** Uninsured and underinsured motorist insurance policies; bad faith.

5. **Summary:** Provides that if an insurance company denies, refuses, or fails to pay its insured, or refuses a reasonable settlement demand within the policy's coverage limits for a claim for uninsured or underinsured motorist benefits within a reasonable time after being presented with a demand for such benefits and it is subsequently found that such denial, refusal, or failure was not in good faith, then the insurance company shall be liable to the insured for the full amount of the judgment and reasonable attorney fees, expenses, and interest.

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:** House Bill 1304 establishes a new definition for the term "legally entitled to recover" when an uninsured/underinsured (UM/UIM) motorist insurer has acted in bad faith by not settling a UM/UIM claim. The term "legally entitled to recover" is currently understood by case law of the Supreme Court of Virginia to mean when a judgment has been obtained. As a result of this bill, "legally entitled to recover" will be defined as the point at which the insurer knows or should have known that the UM/UIM motorist is potentially liable to the insured.

    House Bill 1304 is identical to Senate Bill 17.

Date: 01/18/18/V. Tompkins