

State Corporation Commission

2018 Fiscal Impact Statement

1. Bill Number: SB542

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

2. Patron: Obenshain, Mark D.

3. Committee: Commerce and Labor

4. Title: Surplus lines insurance.

5. Summary: Establishes criteria for the licensing by the State Corporation Commission of domestic surplus line insurers. A domestic surplus lines insurer is considered a nonadmitted insurer for the purposes of the federal Nonadmitted and Reinsurance Reform Act of 2010 with respect to risks insured in the Commonwealth. The measure provides that policies issued by a domestic surplus lines insurer are subject to the same taxes and maintenance assessments levied upon surplus lines policies issued by eligible nonadmitted insurers, if the Commonwealth is the home state of the insured. Policies issued by a domestic surplus lines insurer are not subject to protections provided by the Virginia Property and Casualty Insurance Guaranty Association. The measure exempts policies issued by a domestic surplus lines insurer from all statutory requirements relating to insurance rating plans, policy forms, policy cancellation and nonrenewal, and premium charged to the insured in the same manner and to the same extent as a nonadmitted insurer domiciled in another state. The measure provides that a domestic surplus lines insurer is only authorized to write the types of insurance in the Commonwealth that a surplus lines broker may procure with a nonadmitted insurer approved by the Commission.

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: None

Date: 02/12/18/V. Tompkins