

State Corporation Commission

2018 Fiscal Impact Statement

1. **Bill Number:** SB916

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

2. **Patron:** Chase

3. **Committee:** Commerce and Labor

4. **Title:** Health benefit plans; sale by authorized foreign health insurers.

5. **Summary:** Establishes a procedure by which the State Corporation Commission may authorize health insurers licensed to sell health benefit plans in any other state to sell health benefit plans in Virginia without obtaining a license to engage in the business of insurance in Virginia or complying with other requirements applicable to Virginia-licensed insurers. A health benefit plan sold by an authorized foreign health insurer is not be required to include state-mandated health benefits. The measure establishes criteria to be used by the Commission in determining whether to authorize a foreign health insurer to sell, offer, or provide a health benefit plan in the Commonwealth. The measure authorizes the Commission to conduct market conduct and financial condition examinations of any foreign health insurer that has applied for, or has received, authorization to sell health benefit plans in Virginia. The measure also specifies disclosures that an authorized foreign health insurer is required to include in applications and policies. The measure has a delayed effective date of January 1, 2019.

6. **Budget Amendment Necessary:** No

7. **Fiscal Impact Estimates:** There will be revenue reduction as per Item 8 below, but the amount of reduction cannot be estimated because premium taxes and assessments are based on written premium, and the amount of premium that may be written by foreign health insurers is unknown at this time.

8. **Fiscal Implications:** Loss to the Commonwealth of premium tax revenue otherwise charged of licensed insurers. Loss to the SCC of assessments otherwise charged of licensed insurers.

9. **Specific Agency or Political Subdivisions Affected:** State Corporation Commission
Bureau of Insurance

10. **Technical Amendment Necessary:** No

11. **Other comments:** The State Corporation Commission Bureau of Insurance advised the patron of Senate Bill 916:

- If a policy is issued outside of Virginia, neither the foreign insurer or the policy itself would be subject to numerous Virginia laws that protect consumers, most notably those regulating the sale of the policy and handling of claims by the insurer.

- Any sales by unlicensed foreign insurers would not be subject to Virginia's premium tax and assessment laws, which could potentially result in a loss of revenue to the state.
- In the event of an insolvency by the foreign insurer, consumers could potentially find it more difficult to have their claims paid. In Virginia, consumers' ability to receive claim payments from insolvent health insurers is protected the Virginia Life, Accident and Sickness Insurance Guaranty Association.

Senate Bill 916 is similar to House Bill 1201. It is identical to House Bill 49, which was laid on the table in subcommittee #1 of House Commerce and Labor.

Date: 01/29/18/V. Tompkins