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HOUSE JOINT RESOLUTION NO. 118

Offered January 22, 1996

Establishing a joint subcommittee to study certain practices of insurers regarding exclusive independent agents.

Patrons—Deeds, Bennett, Clement, Cranwell, Ingram, Keating, Kilgore, Thomas and Woodrum;
Senators: Benedetti and Colgan

Referred to Committee on Rules

WHEREAS, the business of insurance vitally affects the public interest; and
WHEREAS, because of the complexity of the insurance business, purchasers of insurance are especially vulnerable if insurance marketing practices are unfair, discriminatory, or misleading; and

WHEREAS, a significant percentage of insurance products are sold in Virginia by exclusive independent agents who, although they are self-employed independent contractors, are nevertheless in business to represent one carrier; and

WHEREAS, the ability of such exclusive independent agents to continue to market insurance products in a manner which appropriately reflects customer needs can be jeopardized if the insurance company which constitutes such agents' sole source of business demands that those agents adopt production quotas which involve typing practices, redlining practices, renewals with substandard affiliated carriers, or other practices which are injurious to insurance purchasers; and

WHEREAS, the General Assembly is concerned that demands upon exclusive independent insurance agents to engage in inappropriate marketing practices may have occurred; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to determine whether exclusive independent agents have been the target of demands for inappropriate marketing practices by the carriers whom they represent in Virginia. The joint subcommittee shall further determine whether, if it finds that such practices have occurred or might occur, the laws of the Commonwealth should be revised to regulate the relationship between insurance companies and their exclusive independent agents in order to ensure that such agents are able to conduct their business without risk of loss of renewal premiums or termination of their agency relationship because of a refusal to engage in inappropriate marketing practices.

The joint subcommittee shall consist of seven members as follows: four members from the House of Delegates, to be appointed by the Speaker of the House, and three members from the Senate, to be appointed by the Senate Committee on Privileges and Elections.

The direct costs of this study shall not exceed \$3,150.

The Division of Legislative Services shall provide staff support for the study. Technical assistance shall be provided by the State Corporation Commission's Bureau of Insurance. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 1997 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for processing legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

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