

State Corporation Commission 2007 Fiscal Impact Statement

1. Bill Number HB2001

House of Origin	<input type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input checked="" type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron: Kilgore

3. Committee: Passed House

4. Title: Life insurance; insurable interest requirement.

5. Summary/Purpose: Clarifies that the provisions addressing when a trustee has an insurable interest in a life insurance policy are to be applied retroactively to policies acquired before the July 1, 2005, effective date of the legislation that enacted the provisions.

6. No Fiscal Impact on the State Corporation Commission

7. Budget amendment necessary: No

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: HB 2001 was requested by the VA Bar Association. Currently, § 38.2-301 provides that any individual of lawful age may take out an insurance contract upon himself for the benefit of any person. No person shall knowingly procure or cause to be procured any insurance contract upon another individual unless the benefits under the contract are payable to (i) the insured or his personal representative or (ii) a person having an insurable interest in the insured at the time when the contract was made.

Subsection B of §38.2-301 currently defines “insurable interest” as it pertains to other persons, employees of corporations, other parties to a contract or option, trustees and organizations described in section 501c of the Internal Revenue Code. The bill adds language in B5 providing that the determination of lawful and substantial economic interest exists as required in B2 applies to policies whether owned by a trustee before, on or after July 1, 2005.

Date: 01/21/07 / V. Tompkins

cc: Secretary of Health and Human Resources