

State Corporation Commission 2008 Fiscal Impact Statement

1. Bill Number: HB349

House of Origin	<u>X</u>	Introduced	<u> </u>	Substitute	<u> </u>	Engrossed
Second House	<u> </u>	In Committee	<u> </u>	Substitute	<u> </u>	Enrolled

2. Patron: Plum

3. Committee: Passed House; Communicated to Senate

4. Title: Insurance licensing; certificates of authority.

5. Summary/Purpose: Eliminates the requirement that a business entity must first obtain a certificate of authority, certificate of registration, certificate of organization, certificate of limited partnership, or charter from the Clerk of the State Corporation Commission prior to obtaining a license as an insurance agent, consultant, surplus lines broker or viatical settlement broker.

6. Fiscal Impact Estimates: 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: House Bill 349 was introduced at the request of the State Corporation Commission Bureau of Insurance. Despite the elimination of this requirement, a business entity must still obtain the appropriate certificate of authority, certificate of registration, certificate of organization, certificate of limited partnership, or charter prior to conducting business in Virginia. A failure to obtain that certificate to do business would result in the Bureau of Insurance terminating the entity's insurance license.

The federal Gramm-Leach-Bliley Act (GLBA) states that the majority of states must have licensing laws that do not restrict the awarding of an insurance license to a non-resident agent other than requiring the agent to: (i) show that he is licensed in his home state; (ii) submit the application for licensure that he submitted to his home state; and (iii) pay any requisite fee. Concerns have been raised that the requirement that an agent, consultant, surplus lines broker or viatical settlement broker must obtain the certificate of authority before getting the producer license may go beyond this provision of federal law.

Date: 01/13 /08 / V. Tompkins

cc: Secretary of Commerce and Trade

Secretary of Health and Human Resources

