

## State Corporation Commission 2009 Fiscal Impact Statement

**1. Bill Number:** HB1971

House of Origin      X      Introduced                  Substitute                  Engrossed  
Second House                  In Committee              Substitute                  Enrolled

**2. Patron:**        Ware, R.L.

**3. Committee:** Commerce and Labor

**4. Title:**        **Credit life insurance reserve standards.**

**5. Summary:** Credit life insurance reserve standards. Amends the requirements for determining the minimum standard for the valuation for credit life insurance reserves and for credit accident and sickness insurance reserves. Amendments to § 38.2-3723 A provide for the use of the 2001 Commissioners' Standard Ordinary Male Composite Ultimate Mortality Table for determining the minimum standard for the valuation of credit life insurance reserves. Amendments also set forth the requirements for interest rate calculations. Amendments to § 38.2-3723 B provides for the use of the 1985 Commissioners' Individual Disability Table A for determining the minimum standard for the valuation of single premium credit disability contract reserves. Amendments also set forth the requirements for interest rate calculations. A new subsection C in § 38.2-3723 adds a provision requiring an insurer to establish an additional reserve liability for all credit life and disability contracts in the aggregate, when the net premium refund liability exceeds the aggregate recorded contract reserve.

**6. Fiscal Impact Estimates:** None 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 and its Bureau of Insurance

**10. Technical Amendment Necessary:** No

**11. Other Comments:** House Bill 1971 was introduced by Delegate Ware at the request of the Consumer Credit Insurance Association to align credit reserve standards in the Insurance Title with those of other states using the valuation method of the National Association of Insurance Commissioners.