

State Corporation Commission 2010 Fiscal Impact Statement

1. Bill Number: HB205

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

2. Patron: Alexander

3. Committee: Commerce and Labor

4. Title: Property insurance; repairing damages.

5. Summary: Requires insurers issuing fire insurance or miscellaneous property insurance written on residential real property to include in the duty to repair, rebuild, or replace the damaged portion of the insured property the duty to paint or otherwise repair the undamaged portion of the property that is adjacent to or in the immediate area of the damaged portion of the property with the same materials that are used to repair the damaged portion of the property, if and to the extent necessary to avoid creating unreasonable differentiations between the damaged and the undamaged portions of the property that did not exist prior to the loss.

6. No Fiscal Impact on the State Corporation Commission

7. Budget amendment necessary: No

8. Fiscal implications: None on the State Corporation Commission. Insurers providing the additional coverage required by House Bill 205 may raise premiums as a result. The Bureau of Insurance does not know the extent to which premium increases would be made by insurers or the degree of impact on insurers.

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: No

11. Other comments: The Bureau of Insurance offered the patron of House Bill 205 the following comments:

- The phrase “adjacent to or in the immediate area” may be subject to more than one interpretation. For example, in the case of commercial residential property, it could extend to a clubhouse on the premises of an apartment complex;
- The type of insurance coverage added in the provisions of HB 205 is not currently offered by many Virginia insurers; as a result, insurers that currently do not provide this type of coverage may charge an additional premium for this additional coverage;

- The patron may wish to consider making this a mandatory offer on the part of the insurers with an ability to charge an appropriate premium.

The patron requested the Bureau of Insurance to draft amendments for House Bill 205 to address the comments.

House Bill 205 is similar to Senate Bill 36. HB 205 is currently assigned to Subcommittee #2 of House Commerce and Labor.

Date: 02/03/10 V. Tompkins

cc: Secretary of Commerce and Trade