

State Corporation Commission 2011 Fiscal Impact Statement

1. Bill Number: HB2267

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

2. Patron: Morgan

3. Committee: Commerce and Labor

4. Title: Preneed funeral contracts; final expenses insurance.

5. Summary/Purpose: Adds § 38.2-3717.1 to set forth requirements for final expense policies. Defines the final expenses market as the sale of a life insurance policy, certificate, or annuity contract in which the face amount is primarily based on the actual or estimated cost of funeral goods or services, but is not linked to a preneed funeral contract. Also adds language to require life insurance companies issuing a policy or annuity in the final expenses market to keep such policy or annuity in a fiduciary capacity and require certain minimum levels of interest be paid on the policy. The insurer issuing such a policy or annuity would also be required to utilize a bank, savings institution or trust company located in the Commonwealth as trustee. The changes to Sections 54.1-2820 and 54.1-2822 are also similarly amended to add language regarding the payment of interest, the requirement for an insurer to hold policies in a fiduciary capacity, and the requirement to utilize a bank, savings institution or trust company located in the Commonwealth as trustee.

6. Budget amendment necessary: No

7. Fiscal Impact Estimates: No Fiscal Impact on the State Corporation Commission

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: No

Date: 02/03/11/V. Tompkins

cc: Secretary of Commerce and Trade
Secretary of Health and Human Resources