

State Corporation Commission 2012 Fiscal Impact Statement

1. Bill Number: HB355

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: McClellan

3. Committee: Commerce and Labor

4. Title: Automobile insurance policies; use of credit and driving record information.

5. Summary: Automobile insurance policies; use of credit and driving record information. Prohibits insurers from taking any adverse action as defined in § 38.2-2234 on any private passenger automobile insurance policy based on credit information in households where the head of household or both spouses have a “perfect driving record.” The bill also requires the Bureau to compile and review all available studies that it deems reputable that address the extent to which credit scoring models are effective predictors of risk. The Bureau must identify the author of such studies, as well as whether the studies were funded by the insurance industry. The Bureau must report to the General Assembly and the Governor any changes to the law recommended by the Bureau to ensure that credit scoring does not result in rates higher than required to account for the risk assumed by the insurers.

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: The Bureau of Insurance offered the following technical comments to the patron of House Bill 355:

- Subsection L of Section 38.2-2234 sets forth the effective dates of this legislation and refers to effective dates of January 1, 2012 and April 1, 2012. The Bureau believes that these dates were intended to be January 1, 2013 and April 1, 2013.
- Throughout the bill, there is reference to a database of driving record information developed by the National Association of Insurance Commissioners (NAIC). However, such a database does not exist nor does the Bureau of Insurance anticipate the NAIC developing such a database. Consequently, the Bureau would suggest that any language referencing this

database be deleted. (Even if a national database were developed, it would not guaranty that all accidents would be reported since some insureds prefer to pay small claims themselves rather than turn them into their insurance company.)

11. Other comments: The Bureau of Insurance advised the patron of House Bill 355 that the Department of Motor Vehicles (DMV) does not record accidents that are not required to be reported. Consequently, many small accidents (such as collisions with stationary objects or accidents where the police are not present) go “unrecorded.”

House Bill 355 is assigned to Subcommittee #2 of House Commerce and Labor.

Date: 01/21/12/V. Tompkins

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