State Corporation Commission
2012 Fiscal Impact Statement

1. **Bill Number:** HB872

House of Origin	☒	Introduced	☐	Substitute	☐ Engrossed
Second House	☐	In Committee	☐	Substitute	☐ Enrolled

2. **Patron:** Rust

3. **Committee:** Commerce and Labor

4. **Title:** Property and casualty insurance; public adjusters.

5. **Summary:** Property and casualty insurance; public adjusters. Provides for State Corporation Commission licensing and regulation of public adjusters. Requires public adjusters to (i) maintain a bond in favor of the Commonwealth in the amount of $50,000; (ii) renew the adjuster's license and complete 24 hours of continuing education hours on a biennial basis; (iii) maintain funds received on behalf of an insured in a fiduciary capacity; (iv) enter into a written contract with insureds as described in the Code; and (v) maintain records in accordance with the record retention schedule. The bill specifies certain standards of conduct and limits on public adjuster fees. The provisions of the bill would become effective January 1, 2013.

6. **Budget amendment necessary:** No

7. **Fiscal Impact Estimates:** Not known (see Line 8).

8. **Fiscal implications:** It is anticipated that assuming licensing and regulator responsibility for public adjusters will increase the workload of the State Corporation Commission Bureau of Insurance. The Bureau will attempt to regulate public adjusters with existing staff, but it may result in some increased resource needs for the Bureau. The Bureau has budgeted for two new positions in anticipation of assuming this responsibility. The Bureau also anticipates the need for its contracted systems vendor to make adjustments to the Bureau's computer systems to add the licensing of public adjustors, but we have no cost estimates for the systems work at this time.

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

10. **Technical amendment necessary:** No

11. **Other comments:** Public adjustors are currently licensed in 44 states with legislation pending in three additional states. The Bureau of Insurance has received very few consumer complaints about public adjustors in Virginia. House Bill 872 has the support of the insurance industry as well as the two associations representing public adjustors.

Senate Bill 520 is identical to House Bill 872.

Date: 01/28/12/V. Tompkins
cc: Secretary of Commerce and Trade
Secretary of Health and Human Resources