State Corporation Commission
2014 Fiscal Impact Statement

1. **Bill Number:** SB88

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

2. **Patron:** Watkins

3. **Committee:** Passed Senate

4. **Title:** Insurers; Own Risk and Solvency Assessments.

5. **Summary:** Insurers; Own Risk and Solvency Assessments. Adds a new Article 5.1 to Chapter 13 (Reports, Reserves & Examinations) of Title 38.2 of the Code of Virginia, setting forth the requirements for the completion and filing of an Own Risk and Solvency Assessment (ORSA). An ORSA is a confidential internal assessment conducted by an insurer, or the insurance group to which it is a member, of the material and relevant risks associated with the insurer's current business plan and the sufficiency of capital resources to support those risks. These requirements apply to all insurers domiciled in a state unless they meet certain exemption provisions.

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:** Senate Bill 88 is based on the National Association of Insurance Commissioner's ORSA Model Act, which provides the requirements for maintaining a risk management framework and for completing an ORSA. This Model is expected to be adopted in all of the other states, and, as of November, 2013, seven states have adopted a similar version of the Model.

Senator Watkins introduced SB 88 at the request of the SCC Bureau of Insurance. The provisions of this bill will become effective on January 1, 2015.

Date: 01/21/14/V. Tompkins

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