

State Corporation Commission

2015 Fiscal Impact Statement

1. Bill Number: SB748

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

2. Patron: Watkins

3. Committee: Commerce and Labor

4. Title: Insurance plans; provisions regulating hypothecation of assets.

5. Summary: Insurance plans; hypothecation of assets. Applies provisions regulating the hypothecation of assets that currently apply to most insurers to health services plans, health maintenance organizations, and insurers offering dental or optometric services plans. The measure requires insurers to maintain a certain amount of free and unencumbered admitted assets and to report to the State Corporation Commission certain information regarding transactions encumbering assets. The measure also (i) removes inapplicable references to separate account requirements from the "sweep-in" provisions for health services plans and dental or optometric services plans and (ii) removes a moot reference to the licensing of agents from the "sweep-in" provision for legal services plans.

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: The State Corporation Commission Bureau of Insurance asked the patron to introduce Senate Bill 748. In the last few years, the Commission has pursued legislation to apply investment, holding company and risk-based capital requirements to all insurance entities across the board to improve solvency regulation of Virginia-domiciled entities. Senate Bill 748 makes the health services plans, the health maintenance organizations and the insurers offering dental or optometric services plans subject to the same requirements for hypothecation of assets as most other types of insurers.

Date: 01/14/15/V. Tompkins

cc: Secretary of Commerce and Trade