

State Corporation Commission

2016 Fiscal Impact Statement

1. Bill Number: HB304

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

2. Patron: Kilgore

3. Committee: Commerce and Labor

4. Title: Home service contract providers; SCC authorized to deny an initial application based on its review.

5. Summary: Home service contract providers. Authorizes the State Corporation Commission (SCC) to deny an initial license application for a home service contract provider based on its review of the financial statements and any reports, certificates, or other documents filed with the SCC. The measure also changes the license renewal cycle for home service contract providers from a biennial process to an annual process beginning July 1, 2017, and revises the application fee from \$1,000 biennially to \$500 annually. Other provisions (i) clarify that the Virginia reserve requirement for such companies is determined by taking the gross consideration received for all home service contracts, less the claims paid, and then multiplying the remainder by 40 percent; (ii) replaces a reference to "premiums" with "provider fees" because home service contracts are not insurance and (iii) amends the provision dealing with filing of audited financial statements to allow for statements prepared in accordance with generally accepted accounting principles.

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: Delegate Kilgore introduced House Bill 304 at the request of the State Corporation Commission. The amendments contained in the amendment in the nature of a substitute were agreed to by the Bureau of Insurance and interested parties.

Date: 02/10/16/V. Tompkins

cc: Secretary of Commerce and Trade