

## Department of Planning and Budget

### 2020 Fiscal Impact Statement

**1. Bill Number:** HB1240

<b>House of Origin</b>	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
<b>Second House</b>	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

**2. Patron:** Wilt

**3. Committee:** Labor and Commerce

**4. Title:** Legal services plans.

**5. Summary:** Authorizes legal services organizations to provide to the Virginia Department of Agriculture and Consumer Services any registration information or fees on behalf of their legal services plan sellers. Currently, sellers are required to register with the Department individually. The measure also (i) authorizes a foreign insurer issuing legal services plans to file financial statements with the State Corporation Commission in the form used in its state of domicile; (ii) allows legal services plans to be written in Virginia by a foreign insurer that is authorized to write legal services plans in another jurisdiction; (iii) authorizes a legal services organization to request an exemption from the requirement that the Commission conduct an examination of it every five years if the organization provides an audited financial statement; (iv) allows a legal services organization to seek a waiver of the requirement that it obtain the Commission's prior approval of policy forms and related documents; (v) eliminates the requirement that legal services organizations file actuarial opinions; and (vi) allows legal services organizations to exclude the management discussion and analysis sections of their financial statements filed with the Commission.

**6. Budget Amendment Necessary:** No.

**7. Fiscal Impact Estimates:** Indeterminate. See item 8.

**8. Fiscal Implications:** This bill allows legal services plan companies to provide registration information and fees on behalf of their legal services plan sellers directly to the Virginia Department of Agriculture and Consumer Services (VDACS) or to the State Corporation Commission (SCC), which, in turn, will submit it to VDACS. Currently, sellers are required to register with the agency individually. In FY 2019, VDACS registered 2,857 sellers in the Commonwealth. If sellers opt to submit their registration to the legal services plan companies, then the administrative duties placed on the agency may increase as the task of data entry will shift from the sellers, who currently submit registrations online, to VDACS. In addition, administrative resources and procedures will be required to transfer registration fees between VDACS and the SCC. Most notably, the determination of how funds would be received, the processing of funds, and whether an administrative fee would be imposed is unknown.

**9. Specific Agency or Political Subdivisions Affected:** Department of Agriculture and Consumer Services; State Corporation Commission.

**10. Technical Amendment Necessary:** No.

**11. Other Comments:** None.