

## Department of Planning and Budget

### 2020 Fiscal Impact Statement

**1. Bill Number:** HB1240

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

**2. Patron:** Wilt

**3. Committee:** Commerce and Labor

**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) allows legal services plans to be written in Virginia by a foreign corporation that is licensed as an insurer in its state of domicile and authorized write legal services plans under the laws of any state; (ii) authorizes a foreign insurer issuing legal services plans to file financial statements with the State Corporation Commission using certain alternative forms; (iii) allows a legal services organization to use policy forms without prior approval of the Commission if it has filed an informational filing and written notice of its intent to use the form; (iv) allows legal services organizations to exclude the management discussion and analysis sections of their financial statements filed with the Commission; and (v) provides that the Commission may investigate or examine a legal services organization as it deems necessary.

**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.