



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1851

PRINTERS NO. 3797

PRIME SPONSOR: Pickett

COST / (SAVINGS)

FUND	FY 2017/18	FY 2018/19
General Fund	See "Fiscal Impact" below.	

SUMMARY:

House Bill 1851 amends the Insurance Department Act of 1921 concerning examinations. It would take effect in 30 days.

ANALYSIS:

House Bill 1851 amends the Insurance Department Act of 1921 (act) to require transparency, further establish procedural guidelines for Insurance Department (department) examinations, to establish the Joint Underwriting Association (JUA) under the act, assign additional duties to the JUA, and statutorily establish the JUA Board.

House Bill 1851 amends the Insurance Department Act of 1921 concerning the conduct of insurance company examinations. It requires the Insurance Department to schedule a conference with the insurance company prior to commencing the examination fieldwork, and codifies the topics that must be discussed at the conference. No more than 30 days after the conference, the Department must provide the company with a detailed written budget estimate for the examination. The legislation also formalizes a process for revising that budget, if necessary, during the examination. A process and timetable for billing invoices is also detailed in the bill. Finally, House Bill 1851 requires the Insurance Department to annually publish a report on its examination and analysis activities, the contents of which are outlined in the legislation.

The bill requires the JUA to complete the following additional duties:

- Submit monthly reports to the commissioner of premiums collected and claims paid during the immediately preceding month;
- Provide to the commissioner additional documents and information regarding the association's operations as the commissioner may request;
- Within sixty days following the effective date of this section, prepare and submit a new plan of operation for approval by the commissioner; and
- Submit to examinations.

The bill statutorily establishes the JUA board and clarifies that it shall operate under the department. The board is to consist of the following members:

- Three members appointed by the Governor and
- One member appointed by each of the following:
 - The President Pro Tempore of the Senate.
 - The Minority Leader of the Senate.
 - The Speaker of the House of Representatives.
 - The Minority Leader of the House of Representatives.

The day-to-day operations of the board shall be managed by an Executive Director who, along with any staff, shall be considered a Commonwealth employee. The department shall provide administrative support to the board as needed.

FISCAL IMPACT:

The Insurance Department indicates that enactment of this legislation would have a minimal impact that the Department would be able to absorb within its current budget.

PREPARED BY: Jeff Miller
House Appropriations Committee (R)

DATE: June 22, 2018

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.