



HOUSE COMMITTEE ON APPROPRIATIONS
2009-10 Legislative Session

FISCAL NOTE

SENATE BILL: 237

PRINTER'S NO: 747

PRIME SPONSOR: Corman

FISCAL IMPACT SUMMARY	FY 2009/10	FY 2010/11
Expenditure Increase/(Decrease):		
General Fund	\$0	\$0

OVERVIEW:

Senate Bill 237 amends the Insurance Company Law of 1921, relating to suitability of annuity transactions and the identification of materials to be considered confidential.

The bill amends Section 320 of the statute relating to identifying documents, materials and information to be considered confidential and not subject to subpoena, discovery or the Right-to-Know Law. The act includes financial analysis ratios and related reports, as well as other work products provided to the Insurance Department when conducting financial analyses of filed financial documents.

In addition, Senate Bill 237 provides for duties of insurers and insurance producers in making recommendations to consumers for the purchase or exchange of annuities. The act specifies obligation limits on the part of insurance producers and insurers with regard to any recommendation that is reasonable. Under the act, compliance with the National Association of Securities Dealers conduct rules pertaining to suitability would satisfy the requirements regarding the recommendation of variable annuities. The act applies to any recommendation to purchase or exchange an annuity made to a consumer by an insurance producer, or an insurer where no producer is involved, that results in the purchase or exchange recommended, with some exceptions outlined under the act.

The Insurance Commissioner may order corrective actions in the event of any consumer harm under this "suitability" article. Likewise, the act outlines specific courses of action regarding penalties when a determination is made that the article has been violated. The Commissioner may have access to records of the information collected from the consumer and other information used in making the recommendations that were the basis for the insurance transaction for five years after the transaction is completed.

The amendment of section 320 (confidentiality of certain documents) shall take effect immediately.

The remainder of this act shall take effect in 180 days.

ANALYSIS:

Senate Bill 237 is consistent with the National Association of Insurance Commissioners' (NAIC) model law. The Insurance Department does not anticipate any additional cost to the Commonwealth as a result of this legislation.

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House Appropriations Committee, (D)

DATE: February 8, 2010

General Note and Disclaimer: *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*