



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 1097

PRINTERS NO. 1279

PRIME SPONSOR: D. White

COST / (SAVINGS)

FUND	FY 2010/11	FY 2011/12
General Fund	\$	(\$1,400,000)

SUMMARY: Senate Bill 1097 amends Act 262 of 1917 concerning surplus lines insurance, independently procured insurance, and reinsurance. It would take effect immediately.

ANALYSIS: This legislation amends Act 262 of 1917 concerning surplus lines. It implements the Non-admitted and Reinsurance Reform Act of 2010 (NRRA), which is part of the federal Dodd-Frank Wall Street Reform and Consumer Protection Act with respect to surplus lines insurance, independently procured insurance and reinsurance. Its changes ensure this statute is consistent with amendments made to the Surplus Lines Law by a companion bill, Senate Bill 1096.

Senate Bill 1097 requires that the premium tax paid on policies of insurance placed with an insurance company or association of another state or a foreign country be made in the same manner as an eligible surplus lines insurer or non-admitted carrier. It also states the collecting, reporting, and remittance of tax for policies placed after June 30, 2011 apply when the Commonwealth is the home state of the insured. Finally, it requires the imposition of tax and penalties for policies placed after June 30, 2011 apply when the Commonwealth is the home state of the insured.

FISCAL IMPACT: Enactment of this legislation will save the Commonwealth approximately \$1.4 million according to the Insurance Department. The federal NRRA would cost the Commonwealth approximately \$1.9 million in lost premium taxes if no action is taken at the state level. Enactment of this legislation along with the companion bill, Senate Bill 1096, will narrow those estimated losses to approximately \$500,000.

PREPARED BY: Jeff Miller
House Appropriations Committee (R)

DATE: June 26, 2011

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