

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 459 (2nd Edition)

SHORT TITLE: Insurance Financial Amendments

SPONSOR(S): Sen. Wellons

FISCAL IMPACT

Yes () No (X) No Estimate Available ()

FY 2001-02 FY 2002-03 FY 2003-04 FY 2004-05 FY 2005-06

REVENUES

EXPENDITURES

POSITIONS:

PRINCIPAL DEPARTMENT(S) &

PROGRAM(S) AFFECTED: Department of Insurance

EFFECTIVE DATE: When it becomes law, except as otherwise provided in the bill.

BILL SUMMARY:

This bill essentially amends the laws with which companies must comply to ensure their continued solvency. It amends the State's insurance laws concerning insurance company reserving methods, licensing provisions, reinsurance for domestic companies, domestic company formation, solvency protection, life insurance company variable accounts, consolidations, investments, mutual insurance companies, reinsurance intermediaries, mortgage guaranty insurance, risk-based capital requirements, asset protection, foreign insurance companies, promoting and holding companies, holding company systems, surplus lines insurance, risk retention groups, insurance company receiverships, managing general agents, self-insured workers' compensation, and continuing care retirement communities. The bill also allows domestic insurance companies in the State to form protected cells to access alternative sources of capital and achieve the benefits of securitization.

ASSUMPTIONS AND METHODOLOGY:

Currently, the Financial Evaluation Division within the Department of Insurance is responsible for regulating all authorized insurers, entities that self-insure for workers' compensation, certain third party administrators, managing general agents, accredited reinsurers, and continuing care retirement communities. The Division evaluates the financial condition of these entities when they apply for initial licensing. It also monitors the financial solvency of all insurance organizations authorized by the Department by reviewing the financial position and operating results and conducting financial audits. This bill essentially amends the compliance requirements used by the Division in evaluating financial solvency. The Department of Insurance estimates that implementation of these amendments will have no fiscal impact on its operations. Because the bill does not appear to change the scope of the financial evaluation activities, the Fiscal Research Division agrees with the Department's estimate that the bill will have no fiscal impact.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910

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