

**State Corporation Commission
2003 Fiscal Impact Statement**

1. Bill Number HB1905

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. Patron Melvin

3. Committee Courts of Justice

4. Title Bail bondsmen.

5. Summary/Purpose: Establishes an insurance agent license for surety bail bondsmen. A person who has not obtained a surety bail bondsman license from the State Corporation Commission is prohibited from selling, soliciting or negotiating insurance on behalf of an insurance company that becomes surety on or guarantees a bond that is posted to assure performance of terms and conditions specified as a condition of bail. To qualify for such a license, an individual must (i) be licensed by the Commission as a property and casualty insurance agent; (ii) pass an examination; and (iii) submit fingerprints and authorization for the conduct of a national criminal history record information check through the Central Criminal Records Exchange to determine whether the applicant has been convicted of a felony. The Commission will also be provided copies of each power of attorney from a fidelity and surety insurer appointing the individual to execute bonds on its behalf. The Commission shall not issue, renew or reissue a surety bail bondsman license to any individual who has been convicted of a felony unless his civil rights have been restored. The Commission is required to establish a separate database from which it may access pertinent information regarding licensed surety bail bondsmen. A surety bail bondsman license is issued for a 2-year term. The Commission shall provide for the collection of fees for license issuance and renewal that are sufficient to cover the expenses of administering and operating the program. In addition, revocation or refusal to issue or renew a license is mandatory for certain enumerated causes. The Commission is required annually to furnish to the Clerk of the Supreme Court and to every clerk of circuit court a list of all licensed surety bail bondsmen and notice of any suspension or revocation of a surety bail bondsman's license or a fidelity and surety insurer's license. The measure also requires any property bail bondsman to obtain a certificate from a circuit court judge. No person shall carry on the business of a property bail bondsman without such a certificate, which is a prerequisite for a revenue license in the localities that require such licenses for property bail bondsmen. In order to obtain a certificate after October 1, 2003, a property bail bondsman must provide information regarding his identity and property, which may include an appraisal of the fair market value of real estate, an affidavit regarding any liens thereon and his equity in the property, and fingerprints and other information in order to conduct a criminal history record information check through the Central Criminal Records Exchange. All existing certificates of property bail bondsmen will expire on October 1, 2003.

6. See item #8
7. Budget amendment necessary: No
8. Fiscal implications: The Bureau of Insurance anticipates only a nominal impact on its computer systems if the amendment to codify the \$50 fee discussed in item #10 is accepted.
9. Specific agency or political subdivisions affected: State Corporation Commission
Bureau of Insurance
10. Technical amendment necessary: The State Corporation Commission Bureau of Insurance offered the following technical comments on House Bill 1905 to Delegate Melvin on House Bill 1905:

1. Page 11, Line 553 - after "A.", strike the remainder of Line 553 and all of Line 554. Insert, after the "A." on Line 553 -

The nonrefundable application processing fee and the biennial nonrefundable renewal processing fee for each surety bondsman licenses shall be \$50, which shall be paid in a manner prescribed by the Commission.

The Bureau of Insurance issues a number of special licenses such as the proposed Surety Bail Bondsman license. All of these licenses are for periods of 2 years, for which a licensing application processing fee of \$50 is established by statute. This amendment would have the Surety Bail Bondsman License track the other special licenses for consistency purposes.

2. In the section dealing with licensing of nonresidents, the phrase "or otherwise authorized" was inadvertently retained in subsection A 1 of § 38.2-1865.13. In that the intent of this provision is that only a person licensed in his home state as a surety bail bondsman may qualify for licensing as a nonresident, the phrase "or otherwise authorized" on Page 13, Line 671 should be stricken.

3. Virginia law governing other insurance licensees provides for a means for those moving into Virginia who held a Virginia nonresident license at the time they relocated to continue to operate for a period of 90 days while applying for a resident license. Further, those moving to Virginia from other states, and who were duly licensed as resident surety bail bondsmen in their prior home state, are permitted to apply for a Virginia resident license without taking the examination provided they apply for a Virginia license within 90 days. Subsequent to the expiration of 90 days, such individuals are required to pass the Virginia written examination before obtaining a Virginia license. [cf. § 38.2-1818]. Consideration should be given to adding a similar provision to HB 1905.

4. § 38.2 -2412, as amended (see Page 14, Lines 707 -711) does not recognize that surety bail bondsmen's licenses, in addition to being revoked or suspended, might be terminated for other reasons, such as losing the underlying Property & Casualty license for failure to complete continuing education requirements, or where the agent may voluntarily surrender his license in lieu of formal disciplinary proceedings being initiated against him. Consideration should be given to notifying the clerks of the various commission of such administrative terminations as well.

11. Other comments: House Bill 1905 resulted from a recommendation of the Virginia State Crime Commission. The State Corporation Commission Bureau of Insurance and the Virginia State Crime Commission worked jointly on the language of the bill to minimize the impact of the legislation on the Bureau of Insurance, its staff and computer systems. As a result, the Bureau anticipates only a nominal impact on our computer systems if the recommendation to codify the fee at \$50.00 outlined in item #10 is accepted.

Date: 01/20/03/V.Tompkins

cc: Secretary of Commerce and Trade
Secretary of Public Safety