

**NORTH CAROLINA GENERAL ASSEMBLY
LEGISLATIVE FISCAL NOTE**

BILL NUMBER: Senate Bill 1300
SHORT TITLE: Insurance Company Exams
SPONSOR(S): Proposed Committee Substitute

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 1998-99</u>	<u>FY 1999-00</u>	<u>FY 2000-01</u>	<u>FY 2001-02</u>	<u>FY 2002-03</u>
REVENUES:	\$100,000 every three years				
EXPENDITURES:	Equal to the cost of examination.				
POSITIONS:	None				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED:	Department of Insurance				
EFFECTIVE DATE:	When it becomes law.				

BILL SUMMARY: The proposed act expands the types of records and assets an insurance company can maintain outside the State. Under G.S. 58-7-55, certain exemptions exist that allow a domestic insurance company to maintain financial and accounting records outside the State so long as a company makes a written request and the Commissioner approves.

In the event approval is given to a company to hold certain records and assets outside the State the Commissioner of Insurance can charge for the examination of records in certain circumstances. An insurance company can be required to pay up to \$100,000 of the Department's cost of examinations when the insurer maintains part of its records and or assets out of the State, when the insurer requests the Department examine its records, and when an insurer's solvency is in question. The cost can exceed \$100,000 if the insurer and the Commissioner agree to a greater amount.

The Commissioner of Insurance is given the authority to regulate the issuance and sale of funding agreements in G.S. 58-7-16(f). Section 5 of this act, allows the Commissioner to use any relevant actuarial guidelines, regulations, interpretations or papers published by the Society of Actuaries or the American Academy of Actuaries in carrying out his authority to determine minimum valuation reserves to be maintained by the issuer.

ASSUMPTIONS AND METHODOLOGY:

The Department of Insurance does not expect many domestic companies to take advantage of this regulatory change except in certain circumstances. There is expected to be at least one that would be subject to this act within a three year period.

Data provide by the Department of Insurance.

FISCAL RESEARCH DIVISION

733-4910

PREPARED BY: Warren Plonk

APPROVED BY: Tom Covington

DATE: June 7, 1998



Signed Copy Located in the NCGA Principal Clerk's Offices