


Government of the District of Columbia
Office of the Chief Financial Officer



Natwar M. Gandhi
Chief Financial Officer

MEMORANDUM

TO: The Honorable Kwame R. Brown
Chairman, Council of the District of Columbia

FROM: Natwar M. Gandhi
Chief Financial Officer 

DATE: May 17, 2012

SUBJECT: Fiscal Impact Statement – “Life and Health Insurance Guaranty Association Consumer Protection Amendment Act of 2012”

REFERENCE: Draft Bill shared with the Office of Revenue Analysis on May 14, 2012

Conclusion

Funds are sufficient in the FY 2012 budget and the proposed FY 2013 through FY 2016 budget and financial plan to implement the bill.

Background

The bill changes¹ legal requirements for life and health guaranty associations in the District. These associations provide minimum life and health insurance policy coverage in the event that the original policy-issuing insurer becomes insolvent. The bill increases coverage levels for major medical, disability, long-term care, fixed annuity, and structured settlement annuity contracts, and certain retirement benefit plans. The bill requires the board of directors of District-based guaranty associations to develop policies governing conflicts of interest. The bill also updates the law concerning court proceedings involving insurers.

Financial Plan Impact

Funds are sufficient in the FY 2012 budget and the proposed FY 2013 through FY 2016 budget and financial plan to implement the provisions of the bill. The Department of Insurance, Securities and Banking already regulates life and health insurance guaranty associations, and can enforce the updated law concerning the industry at no additional cost.

¹ The bill amends D.C. Law 9-129; D.C. Official Code § 31-5401 *et seq.* The Life and Health Insurance Guaranty Association Act of 1992, effective July 22, 1992.