



Fiscal Impact Statement for Proposed Legislation

Virginia State Corporation Commission

Published: February 3, 2026

Senate Bill 208

Version: Introduced

Patron: B. DeSteph

Title: Property and casualty insurance; regulation and licensing of all-lines adjusters.

Summary: Provides for State Corporation Commission licensing and regulation of all-lines adjusters investigating, negotiating, or settling property, casualty, or workers' compensation claims for insurers or for self-insurers. The bill prohibits a person from acting as an all-lines adjuster without first obtaining a license from the Commission and requires all-lines adjusters to comply with standards of conduct and continuing education requirements. The bill also allows the Commission to suspend or revoke licenses under certain conditions. The bill has a delayed effective date of January 1, 2027.

Effective Date(s): 1/1/2027

Amendment Necessary: Budget, Item 474

Technical, see *Technical Note* below

None

Fiscal Summary

TYPE OF IMPACT	FY2026	FY2027	FY2028	FY2029	FY2030
REVENUE					
General (01000)	\$0	\$0	\$0	\$0	\$0
Nongeneral (02090)	\$0	\$1,452,568	\$1,348,460	\$1,348,460	\$1,348,460
EXPENDITURES					
General (01000)	\$0	\$0	\$0	\$0	\$0
Nongeneral (02090)	\$0	\$1,452,568	\$1,348,460	\$1,348,460	\$1,348,460
CHANGE IN FTE					
General (01000)	0	0	0	0	0
Nongeneral (02090)	0	11	11	11	11

Fiscal Analysis

Revenue

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The bill, if enacted, authorizes the SCC to collect an application fee for the SCC's cost to implement requirements in the bill. A fee cannot be determined at this time because the volume of applications is unknown. However, a revenue impact amount is identified in the FIS to match the estimated expenditure impact.

Expenditures

The Bureau of Insurance will need 11 FTEs (eight licensing positions and three investigators) to add to its existing staff of licensing and investigatory professionals. Each licensing position is estimated to cost \$115,872 including salary and benefits (\$926,976 total for eight positions). Each investigator position is estimated to cost \$140,495 including salary and benefits (\$421,484 total for three positions). These salary projections are based on the current median salary for each position with a 42% multiplier to account for fringe benefits. Initial standard equipment costs (laptops, printers, scanners, and phones) are estimated to be \$42,322 (cost per each licensing position is \$3,814 and per each investigator position is \$3,933). The equipment costs are based on the SCC's recent expenditures for similar equipment for FTEs performing similar work. The Bureau estimates that it will initially license approximately 190,000 applicants based on the number of companies licensed in Virginia and the number of public adjusters and agents it currently licenses. The Bureau has no information about exactly how many company adjusters and independent adjusters that operate in Virginia. However, the Bureau believes there will be a large number of such adjusters seeking an initial license. To handle the initial license applications, the Bureau projects overtime costs for eight licensing positions to be \$61,800 (assuming 130 OT total hours for the licensing team members at \$59.42 per person OT rate per hour). Total cost for all positions for FY2027 is \$1,452,568 including salaries, fringe benefits, equipment, and projected overtime and assuming a 2% raise as proposed in the budget bill. Ongoing costs for salaries and benefits is projected to be \$1,348,460 annually.

The Bureau's licensing and investigations section does not currently have existing licensing and investigatory staff resources to absorb the new workload (applications, fingerprinting, correspondence) that SB 208 will create. The Bureau based its estimate of the required increase in of 11 staff positions on data from other states that have established similar licensing programs over the last ten years. The median salary for the licensing positions was used as the Bureau will need to add staff to an existing team with experience in handling confidential information and for the investigatory staff as those positions are usually filled by former FBI or police investigators. The Bureau currently manages 370,000 licensees for agents, public adjusters, and other persons. In other states, adjuster licenses make up about 30 percent of all licensees. The additional

licensing and investigatory staff are needed to handle the new requirement to issue all-lines adjuster licenses to all adjusters employed by insurers and all independent adjusters under contract with insurers in Virginia, including the renewal of those licenses. The increase in licensed individuals and entities requires additional investigators to handle the additional complaints and investigations. Extrapolating from the Bureau's current staffing levels handling the 30 percent increase in licenses, the Bureau anticipates an increase of eight new licensing positions and three new investigators. Overtime is anticipated in the first year to get the initial large influx of applicants licensed.

Change in FTE

Because the bill becomes effective 1/1/2027, the additional staff would need to be hired in Q1 and Q2 of SFY2027 so that they may be onboarded and trained before licensing applications are submitted.

Other Comments

There are no other comments.

Technical Note

There are no other comments.