

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4597-01  
Bill No.: HB 1483  
Subject: Insurance - General; Insurance - Property; Insurance Dept.  
Type: Original  
Date: March 18, 2004

---

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Insurance Dedicated	\$0 to \$25,250		
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0 to \$25,250</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 3 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Department of Insurance (INS)** state those insurers that use credit scoring currently will be required to make new form filings to comply with the proposal. Policy amendments must be submitted to the INS along with a \$50 filing fee. There are 215 homeowner companies and 290 private passenger auto companies. Not all companies may be required to amend filings, so the INS is estimating one-time revenues to the Insurance Dedicated Fund of \$0 to \$25,250 [(215+290 = 505) X \$50 filing fee].

**This proposal will result in an increase in Total State Revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
---	---------------------	---------	---------

#### **INSURANCE DEDICATED FUND**

<u>Income - Department of Insurance</u>			
Form filing fees	<u>\$0 to \$25,250</u>	<u>\$0</u>	<u>\$0</u>

<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>\$0 to \$25,250</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
---	-------------------------------	-------------------	-------------------

FISCAL IMPACT - Local Government

FY 2005  
(10 Mo.)

FY 2006

FY 2007

\$0

\$0

\$0

FISCAL IMPACT - Small Business

This proposal may impact small insurance companies. The estimated net effect is unknown.

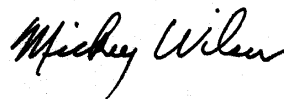
DESCRIPTION

This proposal makes changes to the laws regarding the use of credit information in underwriting auto insurance. The proposal: (1) Prohibits insurers from taking any adverse action or determining a person's insurance premium based upon a credit report or credit score; (2) Makes the restrictions on insurance credit scoring apply to property insurance and casualty insurance. Under current law, it applies to property insurance and auto insurance; (3) Broadens the definition of "credit report" to include oral communications and credit information provided by any source. Current law applies only to written and electronic communications from consumer reporting agencies; and (4) Makes it an adverse action for an insurer to offer to write an auto insurance policy through an affiliated insurer.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance



Mickey Wilson, CPA  
Director  
March 18, 2004