

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0527-01  
Bill No.: HB 96  
Subject: Consumer Protection; Insurance - General; Insurance Dept.  
Type: Original  
Date: January 10, 2005

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2006	FY 2007	FY 2008
Insurance Dedicated	\$0 to \$25,550	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to \$25,550</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2006</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### **FISCAL ANALYSIS**

#### **ASSUMPTION**

Officials from the **Department of Insurance (INS)** state insurance companies who use credit information to underwrite or rate would be required to re-file their credit scoring models. There are currently 292 insurance companies licensed to write private passenger auto, 203 licensed to write homeowners, and 16 licensed to write dwelling-owners for a total of 511 insurers (292+204+16). Filings would be accompanied by a \$50 filing fee. 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 \$25,550 (511 insurers X \$50 filing fee ).

**This proposal will result in an increase in total state revenue.**

<b><u>FISCAL IMPACT - State Government</u></b>	<b>FY 2006 (10 Mo.)</b>	<b>FY 2007</b>	<b>FY 2008</b>
<b>INSURANCE DEDICATED FUND</b>			
<b><u>Income - Department of Insurance</u></b>			
Form filing fees	<u>\$0 to \$25,550</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>\$0 to \$25,550</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Local Government

FY 2006  
(10 Mo.)

FY 2007

FY 2008

\$0

\$0

\$0

FISCAL IMPACT - Small Business

This proposal may impact small businesses affected by current credit scoring practices.

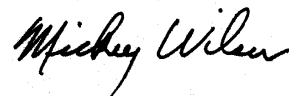
DESCRIPTION

This proposal changes 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  
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