

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0371-01  
Bill No.: HB 140  
Subject: Insurance - General; Insurance Dept.  
Type: Original  
Date: January 8, 2007

---

Bill Summary: Prohibits insurers from using credit information when underwriting insurance contracts.

**FISCAL SUMMARY**

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Insurance Dedicated	\$0 to \$32,450	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to \$32,450</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<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 FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance, Financial and Professional Regulation (DIFP)** state insurance companies who use credit information to underwrite would be required to make new filings. There are currently 649 insurance companies that may be required to re-file their credit scoring models. Filings would be accompanied by a \$50 filing fee. One-time revenues to the Insurance Dedicated Fund are estimated to be \$0 to \$32,450 (up to 649 insurers X \$50 filing fee).

**This proposal may result in an increase in total state revenues.**

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
---	---------------------	---------	---------

### **INSURANCE DEDICATED FUND**

Income - Department of Insurance,  
 Financial and Professional Regulation

Form filing fees	<u>\$0 to \$32,450</u>	<u>\$0</u>	<u>\$0</u>
------------------	------------------------	------------	------------

<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>\$0 to \$32,450</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>
---	-------------------------------	-------------------	-------------------

<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
---	---------------------	---------	---------

	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>
--	-------------------	-------------------	-------------------

### FISCAL IMPACT - Small Business

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

### FISCAL DESCRIPTION

Section 375.917 provides that no insurer shall use credit reports or credit scoring as a factor in underwriting an insurance contract issued or renewed on or after August 28, 2007.

FISCAL DESCRIPTION (continued)

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, Financial and Professional Regulation

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
January 8, 2007