

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3793-01
Bill No.: HB 1435
Subject: Insurance - General; Insurance Dept.
Type: Original
Date: January 23, 2008

Bill Summary: Exempts mutual insurance companies from certain general insurance law provisions.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| | | | |
| | | | |
| Total Estimated Net Effect on General Revenue Fund | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|---|----------------|------------|------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| Insurance Dedicated | \$5,450 | \$0 | \$0 |
| | | | |
| Total Estimated Net Effect on <u>Other</u> State Funds | \$5,450 | \$0 | \$0 |

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

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|------------|------------|------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------|----------|----------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

☐ 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).

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2009 | FY 2010 | FY 2011 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate approximately 109 insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$5,450 (109 insurers X \$50).

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the DIFP will need to request additional staff to handle the increase in workload.

This proposal will result in an increase in total state revenues.

| <u>FISCAL IMPACT - State Government</u> | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
|---|-----------------------|-------------------|-------------------|
| INSURANCE DEDICATED FUND | | | |
| <u>Income - DIFP</u> | | | |
| Form filing fees | <u>\$5,450</u> | <u>\$0</u> | <u>\$0</u> |
| ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND | <u>\$5,450</u> | <u>\$0</u> | <u>\$0</u> |
| | | | |
| <u>FISCAL IMPACT - Local Government</u> | FY 2009 (10 Mo.) | FY 2010 | FY 2011 |
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

The proposal may impact small business mutual insurance companies.

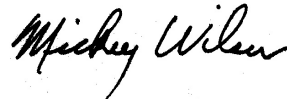
FISCAL DESCRIPTION

This proposal removes the exemption for mutual insurance companies relating to policy cancellations and unfair claims settlement practices.

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 Institutions and Professional Registration

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

Mickey Wilson, CPA
Director
January 23, 2008