

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 3997-01
Bill No.: HB 1557
Subject: Credit and Bankruptcy; Insurance - General
Type: Original
Date: January 23, 2008

Bill Summary: Changes the laws regarding the use of credit information when underwriting insurance contracts.

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	Up to \$32,450	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$32,450	\$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)** state insurance companies who use credit information to underwrite or rate would be required to re-file their credit scoring models. There are currently approximately 649 insurance companies that may be required to re-file their credit scoring models. Filings would be accompanied by a \$50 filing fee. The DIFP estimates up to \$32,450 (649 insurers X \$50) in one-time revenues would be deposited in the Insurance Dedicated Fund.

This proposal would result in an increase in total state revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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INSURANCE DEDICATED FUND

Income - DIFP

Form filing fees	<u>Up to \$32,450</u>	<u>\$0</u>	<u>\$0</u>
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ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND

<u>Up to \$32,450</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2009 (10 Mo.)	FY 2010	FY 2011
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<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

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

FISCAL DESCRIPTION

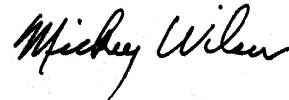
This proposal changes the laws regarding the use of credit information when underwriting insurance contracts.

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

HWC:LR:OD (12/02)

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