

For COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1485S.02C
 Bill No.: SCS for 604
 Subject: Business and Commerce; Children and Minors; Commerce and Insurance, Department of; Consumer Protection; Contracts and Contractors; Employees - Employers; Environmental Protection; Insurance - Automobile; Insurance - General; Insurance - Property; Insurance - Life; Interstate Cooperation; Liability; Licenses - Miscellaneous; Motor Vehicles; Natural Resources, Department of; Professional Registration and Licensing; Religion; Revenue, Department of; Securities;
 Type: Original
 Date: April 27, 2021

Bill Summary: This proposal modifies provisions relating to insurance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Petroleum Storage Tank Insurance Fund	\$125,000	\$130,000	\$135,000
Total Estimated Net Effect on <u>Other</u> State Funds	\$125,000	\$130,000	\$135,000

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act.

Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2022	FY 2023	FY 2024
Local Government	\$0	\$0	\$0

Every vehicle is researched and key-entered into the Department Self-Insurance Verification System (DSIV). This provides the local License Offices the ability to verify insurance compliance at the time of vehicle registration and renewal.

It takes an employee approximately two minutes to research and key each vehicle. The Department currently has one FTE (Account Assistant) to oversee the Self-Insurance Programs.

6,070	Current vehicles with religious exemption
X 4	Estimated increase in religious exemptions
24,280	Estimated Total participants of the religious exemption
X 2	Number Minutes to research and key each vehicle
48,560	Total minutes
/ 60	Number of minutes per hour
809	Total number of FTE hours needed for DSIV research and entry
/ 8	Hours per day
101	Total days needed to process religious vehicle listings
/ 252	Work days per year
.4	TOTAL FTE (Account Clerk- \$26,340)

For the purposes of this fiscal note, the Department will round the fiscal note requirement down to **0 FTE**. Changing the requirement to be eligible for the religious exemption to insurance from “prohibited” to “discouraged” could potentially result in an increase in individuals claiming this exemption. If the increase is more significant than anticipated, FTE will be requested from the appropriations process.

Increased Cost for Self-Insurance Card Stock

The Department prints all Self-Insurance Cards on secure-card stock to prevent fraud. Six insurance cards are printed on each 8 x 10 sheet. The cost per sheet is \$0.12.

172,856-	Number of vehicles requiring an insurance card
/ 6 -	Number of cards printed per sheet
28,809	Number of 8 x 10 card stock sheets
X \$.12	Cost per sheet
\$3,457	Total cost for additional card stock

Increased Cost for Envelopes and Postage

The Department mails large envelopes containing the quantity of insurance cards needed for each self-insured organization. Postage is determined based on the weight of each envelope, which contains different quantity volumes of cards. This varies based on the number of members and vehicles insured under each self-insurance certificate issued. Each envelope will hold approximately 350 pages x 6 per page = 2,100 cards.

Envelopes

28,809	Number of card-stock sheets
<u>/ 350</u>	Number of sheets per envelope
82	Total Envelopes
X \$.99	Cost per Envelope
\$81	Total Cost of Envelopes

Postage

82	Total Envelopes
X \$7.00	Estimated postage cost per envelope
\$ 574	Total cost for postage

FY 2022 Total Cost for card stock, envelopes, and postage (\$3,457+ \$81 + \$ 574) =
\$4,112/12=\$343x10 = **\$3,430**

FY 2023 Total Cost for card stock, envelopes, and postage (\$3,457+ \$81 + \$ 574) = **\$4,214**
(inflation added)

FY 2024 Total Cost for card stock, envelopes, and postage (\$3,457+ \$81 + \$ 574) = **\$4,320**
(inflation added)

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal. If multiple bills pass which require additional staffing and duties at substantial costs, DOR could request funding through the appropriation process.

In response to a previous version, officials from the **Department of Commerce and Insurance** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

\$319.131 – Underground Storage Tanks

In response to a similar proposal from 2021 (SB 310), officials from the **Petroleum Storage Tank Insurance Fund (PSTIF)** assumed this proposal would have a positive fiscal impact of approximately \$125,000 in FY 2022 and thereafter to PSTIF as it would eliminate the need for the Board of Trustees to purchase excess coverage from the private market.

Oversight does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the PSTIF.

In response to a similar proposal from 2021 (SB 310), officials from the **Department of Commerce and Insurance**, **Department of Natural Resources** and **Missouri Department of Transportation** each assume the proposal will have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

§375.029 - Continuing Education Credits for Insurance Producers

In response to a previous version, officials from the **Department of Commerce and Insurance** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

§375.246 – Credit for Reinsurance

In response to a similar proposal from 2021 (HB 239), officials from the **Department of Commerce and Insurance** assumed the proposal would have no fiscal impact on their organization.

Oversight notes that the Department of Commerce and Insurance has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note.

§376.2080 – Funding Agreements for Life Insurance Companies

In response to a similar proposal from 2021 (SB 90), officials from the **Department of Commerce and Insurance** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

§379.120 – Explanation of Refusals for Automobile Insurance

In response to a similar proposal from 2021 (SB 294), officials from the **Department of Commerce and Insurance** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

8379.1800, 379.1803, 379.1806, 379.1809, 379.1812, 379.1815, 379.1818, 379.1821 & 379.1824 – Group Personal Lines Property and Casualty Insurance

In response to a similar proposal from 2021 (SB 209), officials from the **Department of Commerce and Insurance**, the **Department of Labor and Industrial Relations**, the **Department of Revenue**, the **Department of Public Safety - Missouri Highway Patrol**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation** and the **Office of Administration** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

§§436.700 & 507.184 - Missouri Statutory Thresholds for Settlements Involving Minors Act

In response to a similar proposal from 2021 (SCS for SB 295), officials from the **Office of the State Courts Administrator**, the **Department of Commerce and Insurance**, the **Department of Labor and Industrial Relations**, the **Department of Mental Health** and the **Department of Social Services** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Responses regarding the proposed legislation as a whole

Rule Promulgation

In response to proposals with similar rule promulgation language, officials from the **Joint Committee on Administrative Rules** assumed this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

In response to proposals with similar rule promulgation language, officials from the **Office of the Secretary of State** noted many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
PETROLEUM STORAGE TANK INSURANCE FUND (0585)			
<u>Savings – PSTIF – no longer have to purchase excess coverage from the private market-section 139.131 p. 5</u>	<u>\$125,000</u>	<u>\$130,000</u>	<u>\$135,000</u>
ESTIMATED NET EFFECT ON THE PETROLEUM STORAGE TANK INSURANCE FUND	<u>\$125,000</u>	<u>\$130,000</u>	<u>\$135,000</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

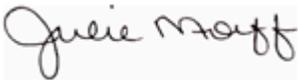
FISCAL DESCRIPTION

This proposal modifies provisions relating to the regulation of insurance.

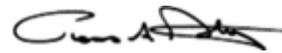
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Revenue
Department of Commerce and Insurance
Office of the Secretary of State
Joint Committee on Administrative Rules
Missouri Department of Transportation
Department of Natural Resources
Petroleum Storage Tank Insurance Fund
Department of Labor and Industrial Relations
Missouri Department of Conservation
Office of Administration
Missouri Highway Patrol
Department of Mental Health
Department of Social Services
Office of the State Courts Administrator



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April 27, 2021



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April 27, 2021