

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4230H.01P
Bill No.: Perfected HB 2440
Subject: Insurance - General; Insurance - Life; Insurance - Health; Business and Commerce
Type: Original
Date: April 4, 2024

Bill Summary: This proposal relates to the regulation of insurance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
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 or at full 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 2025	FY 2026	FY 2027
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

§375.1183 – Reinsurance Contracts

Officials from the **Department of Commerce and Insurance** assume this section of proposal will 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.

House Amendment 1

Oversight assumes House Amendment 1 (change of the title) will have no fiscal impact.

House Amendment 2

§380.621 - Insurance company reinsurance coverage and standards

Officials from the **Department of Commerce and Insurance (DCI)** assume the costs of this bill can be absorbed within their current appropriations. However, should the cost be more than anticipated, the department would request an increase to our FTE and/or appropriations as appropriate through the budget process.

Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

Officials from the **Department of Revenue (DOR)** assume this proposal exempts Missouri mutual insurance companies from rules and regulations other than those in Section 380.621. Currently insurance companies are required to pay premium tax under Chapter 148. This proposal appears to exempt these companies from the premium tax. Each year DCI calculates the amount of premium tax owed by the companies. DOR defers to DCI for the estimate of the loss to state revenue.

Oversight assumes the house committee substitute's version of section 380.621 changes this provision and will not eliminate premium tax collection as mentioned in previous fiscal notes.

In response to a similar proposal from this year (HCS for HB 2524), officials from the **Office of Administration - Budget and Planning** deferred to the Department of Commerce and Insurance for the potential fiscal impact of this proposal.

House Amendment 3

§§303.425, 303.430, 303.440 – Motor Vehicle Financial Responsibility

Officials from the **Department of Revenue, Missouri Department of Transportation** and **Missouri Highway Patrol** each assume this section of the proposal will have no fiscal impact on their respective organizations.

Oversight notes that the above mentioned agencies have 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.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

Certain small insurance companies could be impacted by this proposal.

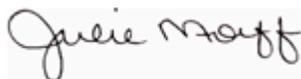
FISCAL DESCRIPTION

The proposed legislation appears to have no direct fiscal impact.

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 Commerce and Insurance
 Department of Public Safety - Missouri Highway Patrol
 Missouri Department of Transportation
 Department of Revenue
 Office of Administration - Budget and Planning



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 April 4, 2024



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