

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 199** HLS 15RS 670

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> June 7, 2015	5:01 PM	<b>Author:</b> CROMER
<b>Dept./Agy.:</b> Louisiana Department of Insurance		
<b>Subject:</b> NAIC's Corporate Governance Annual Disclosure Act		<b>Analyst:</b> Alan M. Boxberger

INSURERS

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Enacts the National Association of Insurance Commissioners' Corporate Governance Annual Disclosure Act

Proposed law enacts the National Association of Insurance Commissioners' (NAIC) Corporate Governance Annual Disclosure (CGAD) Model Act; outlines requirements for an insurer or insurance group to complete a CGAD and submit it to the insurance commissioner; provides that nothing in proposed law prescribes or imposes standards or procedures beyond those required pursuant to law or the Insurance Code; provides that the requirement to file shall apply to all insurers domiciled in this state; provides that an insurer or insurance group completing a CGAD may provide information at multiple levels of corporate governance; provides for ability to refer to required documents in previous document submissions for other purposes; provides for discretion over responses to CGAD inquiries; provides that the CGAD and associated documents shall be kept confidential, privileged and exempt from the Public Records Law; authorizes the commissioner to retain third party consultants to assist in reviewing the CGAD at insurer's expense; provides for penalties for failing to file a CGAD; authorizes the commissioner to promulgate rules; and provides that proposed law is nonseverable. Effective date 1/1/16.

<b>EXPENDITURES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>REVENUES</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b><u>\$0</u></b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

There is no anticipated direct material effect on governmental expenditures as a result of this measure.

Proposed law enacts the National Association of Insurance Commissioners' Corporate Governance Annual Disclosure Act (CGAD). All insurers domiciled in Louisiana will be required to disclose an annual CGAD with their annual report. The commissioner is authorized to promulgate rules, regulations and orders necessary to carry out the provisions. LDI promulgates rules on a regular basis as part of its general operations and has sufficient resources to carry out this requirement.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Proposed law provides for penalties on insurers failing to timely file a CGAD of \$100 per day not to exceed a maximum of \$10,000. LDI does not anticipate industry noncompliance with proposed law and does not anticipate the necessity to assess any penalties.

To the degree that any insurer may not comply with the timely filing of a CGAD, penalties may be charged against the insurer at a rate of \$100 per day not to exceed \$10,000. Penalties are to be recovered by the commissioner and deposited upon receipt in the state treasury. Proposed law does not specify to which account any such penalties would be deposited. The LFO assumes such deposits are made into the State General Fund.

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|---|----------------------------|--------------|--|
| <u>Senate</u>   | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}                    |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}       |                            |              | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 Rev. Red. to State {H & S}                 |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} |                            |              | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} |

*Evan Brasseaux*  
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**Staff Director**