

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 72** SLS 20RS 210
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 11, 2020 4:00 PM	Author: SMITH, G.
Dept./Agy.: LA Dept. of Insurance	Analyst: Zachary Rau
Subject: Property and Casualty Filing Form Revisions	

INSURANCE COMMISSIONER EG SEE FISC NOTE SG RV See Note Page 1 of 1
 Provides for certain fees collected by the commissioner of insurance from property and casualty insurers. (7/1/20)

Present law includes fees for insurance policy forms charged by the LA Dept. of Insurance by product as follows: property and casualty insurance policy forms, per product - \$100; adoption of reference or item filing of advisory organization's form reference - \$20; property and casualty insurance policy endorsements, amendments, or riders - \$25. Proposed law collapses the latter two forms into the property and casualty insurance policy form and removes their associated fees, and reduces the property and casualty insurance policy form fee by \$50, from \$100 to \$50.

EXPENDITURES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total						

EXPENDITURE EXPLANATION

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

REVENUE EXPLANATION

The net revenue impact of this measure is indeterminable. Proposed law may result in an indeterminable, though likely marginal net reduction or an indeterminable net increase of SGR collections for the LA Dept. of Insurance. This measure consolidates two property and casualty insurance forms into one form, essentially allowing firms to file multiple forms at once and pay a single \$50 fee, rather than pay multiple fees for multiple form filings. The three forms affected by the proposed legislation generated an average of approximately \$158,100 for LDI from FY 17-19 based upon data obtained from the LDI's FY 21 budget request. Approximate average filings and revenue generated by each form from FY 17-19 are as follows:

	Fee	Number of Filings	Revenue Generated
Property and Casualty Insurance Policy Forms, per product	\$100	643	\$64,300
Adoption of Reference/Item Filing of Advisory Organization's Form Reference	\$20	369	\$7,400
Property and Casualty Endorsements, Amendments, and Riders	\$25	3,457	\$86,400
Total	--	4,469	\$158,100

Discussions with LDI staff indicate that firms will likely consolidate property and casualty form filings as a result of the proposed legislation, reducing the number of overall filings from the FY 17-19 approximate average of 4,500. The extent to which firms will consolidate form filings is unknown, but LDI staff anticipate overall filings to decrease and total between 3,000 and 4,000 as a result of the proposed legislation. To the extent this occurs, gross revenue generated as a result of the proposed legislation will total between \$150,000 (3,000 filings * \$50 per filing) and \$200,000 (4,000 filings * \$50), potentially resulting in a net revenue decrease of \$8,100 (\$150,000 gross revenue generated - \$158,100 in current collections) at the lower bound or a net revenue increase of \$41,900 (\$200,000 gross revenue generated - \$158,100 in current collections) at the upper bound. However, the aggregate effect on SGR collections for the LDI is indeterminable because the overall effect on filings, such as the extent of filing consolidation and total number of filings, is unknown.

<p><u>Senate</u></p> <p><input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}</p> <p><input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}</p>	<p><u>House</u></p> <p><input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}</p> <p><input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}</p>
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