

LEGISLATIVE FISCAL OFFICE

Fiscal Note



Fiscal Note On: **SB 318** SLS 09RS 623

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: July 8, 2009	11:03 AM	Author: QUINN
Dept./Agy.: Department of Insurance		Analyst: Travis McIlwain
Subject: Louisiana Life and Health Insurance Guaranty Assoc. Law		

INSURANCE DEPARTMENT

EN NO IMPACT See Note

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Provides for changes to the Louisiana Life and Health Insurance Guaranty Association Law. (8/15/09)

Proposed legislation provides for various changes to the Louisiana Life and Health Insurance Guaranty Association (LAHIGA). This bill provides for an increase in the health insurance benefits for which LAHIGA shall become liable from \$100,000 to \$500,000, an increase in the present value of annuity benefits from \$100,000 to \$250,000 and an increase in the aggregate monetary benefit from \$300,000 to \$500,000. Proposed legislation provides for a consumer representative member to the LAHIGA board appointed by the commissioner of insurance. Proposed legislation provides for a Class A assessment increase to the member insurers from \$150 per year to \$300 per year. Proposed legislation provides for an assessment protest process for its member insurers.

Effective August 15, 2009.

EXPENDITURES	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	<u>2009-10</u>	<u>2010-11</u>	<u>2011-12</u>	<u>2012-13</u>	<u>2013-14</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>	<u>\$0</u>
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. This bill does provide for an additional member to the board of directors of the association. However, the new board members expenditures will be paid out of the administrative expenditures of the association itself and not the state.

In addition, this bill provides for an assessment protest process. Under proposed law, member insurers may appeal the association's decision on an assessment to the commissioner of insurance. The Department of Insurance (DOI) anticipates the number of appeals to be minimal and the specific cost of handling such appeals will be absorbed within existing operating costs of the DOI.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure. The Louisiana Life and Health Insurance Guaranty Association is a statutory entity created in 1991. The association is composed of all insurers licensed to sell life insurance, accident and health insurance and individual annuities in the state of Louisiana. If a member insurer is insolvent, the statutes enable the association to provide protection up to the specified limits in law. This bill increases those benefits and provides for an increase in the Class A assessment paid annually to the association from its member insurers. This revenue increase will accrue to the association and not the state.

Senate

Dual Referral Rules

House

- 13.5.1 >= \$500,000 Annual Fiscal Cost
- 13.5.2 >= \$500,000 Annual Tax or Fee Change

- 6.8(F) >= \$500,000 Annual Fiscal Cost
- 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease

Robert E. Hosse
LFO Staff Director