

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0097-01
Bill No.: SB 98
Subject: Insurance - Genera; Insurance Dept.; Credit and Bankruptcy; Consumer Protection
Type: Original
Date: January 3, 2007

Bill Summary: Modifies the law regarding the use of credit information by insurance companies.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Insurance Dedicated	\$0 to \$32,450	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	\$0 to \$32,450	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2008	FY 2009	FY 2010
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial and Professional Regulation** state insurance companies who use credit information to underwrite or rate consumers would be required to re-file their credit scoring models. There are approximately 649 insurance companies that may be required to re-file their credit scoring models. Filings would be accompanied by a \$50 filing fee. Total one-time revenue to the Insurance Dedicated Fund is estimated to be \$0 to \$32,450 (649 companies X \$50).

<u>FISCAL IMPACT - State Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance, Financial and Professional Regulation</u>			
Form filing fees	<u>\$0 to \$32,450</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$0 to \$32,450</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2008 (10 Mo.)	FY 2009	FY 2010
	<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 prohibits insurers and credit reporting agencies from using as a negative factor in underwriting an insurance policy the following: (1) Any credit inquiry not initiated by the insured; (2) Collection accounts with a medical industry code; (3) Multiple credit inquiries from the home mortgage industry or automobile lending industry within a 30-day period; (4) The absence of credit history; (5) The use of a particular type of credit or debit card' or (6) A consumer's total available line of credit.

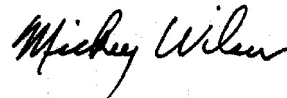
FISCAL DESCRIPTION (continued)

This proposal also requires insurers to file their credit scoring models or processes with the department and makes any insurer's filing of a model or process related to credit information a trade secret and protected from public disclosure pursuant to Sections 417.450 through 417.467, RSMo.

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 Insurance, Financial and Professional Regulation



Mickey Wilson, CPA
Director
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