

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0249-01
Bill No.: SB 69
Subject: Insurance - Property; Housing; Insurance Dept.
Type: Original
Date: January 26, 2009

Bill Summary: Modifies law regarding property insurance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Insurance Dedicated	\$7,800	\$0	\$0
Total Estimated Net Effect on Other State Funds	\$7,800	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
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 2010	FY 2011	FY 2012
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate approximately 156 insurers would be required to submit amendments to their policies to comply with the legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One-time additional revenues to the Insurance Dedicated Fund are estimated to be \$7,800 (156 insurers X \$50).

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews, the DIFP will need to request additional staff to handle the increase in workload.

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
INSURANCE DEDICATED FUND			
<u>Income - DIFP</u>			
Form filing fees	<u>\$7,800</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$7,800</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

The proposal may impact small business insurance companies.

FISCAL DESCRIPTION

This proposal modifies several provisions of law relating to homeowner's and property insurance.

Under this proposal, the insurer must give the insured 60 days notice prior to cancelling the insured's policy (Current law is 30 days). The insurer must also give the insured 60 days of its intention not to renew a policy (Sections 375.003 and 375.004).

Under this proposal, homeowner insurance companies shall not consider as a claim any inquiry made by the insured as to whether the policy covers a certain loss or whether the policy provides a certain type or level of coverage (Section 375.001). Homeowner insurance companies are prohibited from refusing to renew a policy on the basis of a weather-related claim (Section 375.004). Further, insurers are prohibited from using a rating plan or a rating system which surcharges the insured's dwelling fire or homeowners insurance premium based upon the insured's weather-related claims or upon inquiries into whether the policy covers certain losses (Section 375.004).

FAIR PLAN - Under this proposal, the name of the Missouri Basic Property Insurance Inspection and Placement Program is changed to the Fair Access to Insurance Requirements (FAIR) plan.

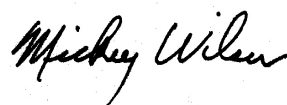
All property insurance plans and underwriting guidelines used in the FAIR plan must be submitted to the director for approval at least 60 days prior to their use (Section 379.840).

A FAIR plan insurance policy shall not be cancelled or nonrenewed unless the insured receives 60 days notice (up from 30 days)(Section 379.845).

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 Institutions and Professional Registration



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January 26, 2009

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