

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5367-01
Bill No.: SB 660
Subject: Insurance - General; Insurance Dept.; Workers' Compensation
Type: Original
Date: March 2, 2012

Bill Summary: This proposal requires Missouri Employers Mutual Insurance Company to transition into a private mutual insurance company by January 1, 2013, and requires it to transfer \$127 million of its surplus to general revenue.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$127,000,000	\$0	\$0
Total Estimated Net Effect on General Revenue Fund	\$127,000,000	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration - Division of Budget & Planning** assume the proposal should not result in additional costs or savings. They defer to the Department of Insurance, Financial Institutions and Professional Registration for any fiscal impact of this proposal which mandates, as part of the proposed transition of the Missouri Employers Mutual Insurance Company to a private mutual insurance company, the transfer of \$127 million of the Missouri Employers Mutual Company's policyholder's surplus funds to the state General Revenue Fund. This transfer would have a significant positive impact to General Revenue if it were to occur as scheduled between July 1, 2012 and September 1, 2012.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** assume this proposal would Missouri Employers Insurance Company to transition into a private mutual insurance company by January 1, 2013 and requires it to transfer \$127 million of its surplus to general revenue.

No anticipated fiscal impact to DIFP. The DIFP believes it could absorb the workload within existing appropriations. However, should the extent of the work be more than anticipated, the DIFP would request additional appropriation and/or FTE through the budget process.

Officials from the **Department of Labor & Industrial Relations, Governor's Office, Missouri Senate and Missouri House of Representatives** assume there should be no fiscal impact to their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
-----------------------------------------	---------------------	---------	---------

GENERAL REVENUE

<u>Transfer</u> - Missouri Employers Mutual Insurance Company surplus transfer	<u>\$127,000,000</u>	<u>\$0</u>	<u>\$0</u>
--------------------------------------------------------------------------------	----------------------	------------	------------

ESTIMATED NET EFFECT ON GENERAL REVENUE	<u>\$127,000,000</u>	<u>\$0</u>	<u>\$0</u>
------------------------------------------------	-----------------------------	-------------------	-------------------

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
-----------------------------------------	---------------------	---------	---------

	<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.

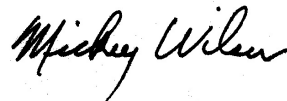
FISCAL DESCRIPTION

The proposed legislation requires Missouri Employers Mutual Insurance Company to transition into a private mutual insurance company by January 1, 2013, and requires it to transfer \$127 million of its surplus to general revenue.

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 &
Professional Registration
Department of Labor and Industrial Relations
Governor's Office
Missouri Senate
Missouri House of Representatives
Office of Administration -
Division of Budget & Planning

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 2, 2012