

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4575-01
Bill No.: SB 606
Subject: Insurance - General; Attorneys; Licenses - Professional
Type: Original
Date: February 10, 2014

Bill Summary: This proposal repeals a statute that requires certain persons to be licensed as an insurance agent.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Insurance Dedicated	(\$22,500)	(\$22,500)	(\$22,500)
Total Estimated Net Effect on <u>Other</u> State Funds	(\$22,500)	(\$22,500)	(\$22,500)

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2015	FY 2016	FY 2017
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 2015	FY 2016	FY 2017
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** state at the present time, the department licenses 759 producers for prepaid legal service plans, of which 450 are only licensed for prepaid legal. It is estimated that the fiscal impact of the repeal of this section will result in a loss of licensure fee revenue to the Insurance Dedicated Fund.

Licenses are renewed every 2 years at a fee of \$100. Based on the assumption that one half of the licensees renew every year, loss of revenue to the Insurance Dedicated Fund would be \$22,500 (225 renewals x \$100).

Officials from the **Department of Social Services** and the **Office of the State Public Defender** each assume the current proposal would not fiscally impact their respective agencies.

Officials from the **Attorney General's Office** assume that any potential costs arising from this proposal can be absorbed with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2015 (10 Mo.)	FY 2016	FY 2017
INSURANCE DEDICATED FUND			
<u>Loss - DIFP</u>			
Policy Renewal Fees	<u>(\$22,500)</u>	<u>(\$22,500)</u>	<u>(\$22,500)</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>(\$22,500)</u>	<u>(\$22,500)</u>	<u>(\$22,500)</u>
 <u>FISCAL IMPACT - Local Government</u>	 FY 2015 (10 Mo.)	 FY 2016	 FY 2017
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal will have a positive fiscal impact on small businesses selling prepaid legal services, as they will not be required to be licensed.

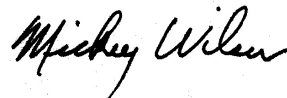
FISCAL DESCRIPTION

This proposal repeals a statute that requires a person who solicits membership on behalf of a prepaid legal service to be licensed as an insurance agent. The proposal also repeals the definition of "prepaid legal service plan."

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
Office of the State Public Defender
Department of Social Services
Attorney General's Office



Mickey Wilson, CPA
Director
February 10, 2014

Ross Strobe
Assistant Director
February 10, 2014