

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1536-01
Bill No.: SB 392
Subject: Insurance - General; Insurance - Life; Licenses - Professional
Type: Original
Date: March 3, 2015

Bill Summary: This proposal modifies which members of fraternal benefit societies are exempt from insurance agent licensing.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Insurance Dedicated	(Unknown)	(Unknown)	(Unknown)
Total Estimated Net Effect on <u>Other</u> State Funds	(Unknown)	(Unknown)	(Unknown)

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2016	FY 2017	FY 2018
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Oversight was unable to receive some of the agency responses in a timely manner due to the short fiscal note request time. Oversight has presented this fiscal note on the best current information that we have or on prior year information regarding a similar bill. Upon the receipt of agency responses, Oversight will review to determine if an updated fiscal note should be prepared and seek the necessary approval of the chairperson of the Joint Committee on Legislative Research to publish a new fiscal note.

Oversight assumes there will be an unknown loss to the Insurance Dedicated Fund because of a reduced number of insurance agent license applications.

<u>FISCAL IMPACT - State Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
INSURANCE DEDICATED FUND			
<u>Loss - Reduction of license applications</u>	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2016 (10 Mo.)	FY 2017	FY 2018
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

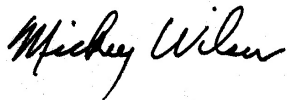
No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently there are two categories of persons within a fraternal benefit society that are not deemed an agent of the fraternal benefit society requiring insurance agent licensure: 1) any regular salaried officer, employee or secretary who devotes substantially all services to activities other than the solicitation of insurance contracts; and 2) any member representative of societies that insure members against death, dismemberment, or disability from accident only and that receive no commission or other consideration. The second category of persons exempt from insurance agent licensure has been changed to be any member representative of any fraternal benefit society who devotes less than fifty percent of his or her time to the solicitation and procurement of insurance contracts. A member representative is deemed to devote fifty percent of his or her time to the solicitation and procurement of insurance contracts if they solicited and procured insurance contracts in excess of fifty thousand dollars or contracts on more than twenty-five individuals.

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



Mickey Wilson, CPA
Director
March 3, 2015

Ross Strope
Assistant Director
March 3, 2015