

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5573-05
Bill No.: Truly Agreed To and Finally Passed SS for SCS for HCS for HB 2194
Subject: Insurance - Automobile; Insurance - Property
Type: Original
Date: June 8, 2016

Bill Summary: This proposal modifies various provisions regarding insurance.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Insurance Dedicated	\$26,344	(\$35,647)	\$23,978
Total Estimated Net Effect on <u>Other</u> State Funds	\$26,344	(\$35,647)	\$23,978

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2017	FY 2018	FY 2019
Insurance Dedicated	1 FTE	1 FTE	1 FTE
Total Estimated Net Effect on FTE	1 FTE	1 FTE	1 FTE

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 2017	FY 2018	FY 2019
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Labor and Industrial Relations**, the **Department of Corrections**, the **Department of Transportation**, the **Department of Mental Health**, the **Department of Economic Development - Missouri Housing Development Commission**, the **Office of Administration**, the **Missouri Department of Conservation** and the **Missouri Veterans Commission** 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.

Officials from the **State Technical College of Missouri**, the **University of Central Missouri**, the **University of Missouri**, the **Northwest Missouri State University** and the **Kansas City Public Schools** each assume the current proposal would not fiscally impact their respective agencies.

Section 287.955

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate up to 240 policy amendments with the passage of this proposal. 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 up to \$12,000.

Section 379.1640

DIFP estimates there are at least 1,200 self-storage facilities in Missouri. Those facilities could be owned by the same individual or company, so to get a revenue estimate the department used 600 as the minimum estimated number of potential licensees. The department estimates 100 new applications each year plus a biennial renewal of the original 600 in FY2019.

One Licensing Technician II (\$26,652/annually) FTE will be needed to provide technical support, process applications for licensure, and respond to inquires related to the licensure law and/or rules and regulations. Also provides administrative support, tracks complaints and discipline and responds to inquiries relating to the licensure laws or rules and regulations.

Should the extent of the work be more than anticipated, the department would request additional appropriation and/or FTE through the budget process.

<u>FISCAL IMPACT - State Government</u>	FY 2017 (10 Mo.)	FY 2018	FY 2019
INSURANCE DEDICATED FUND			
<u>Income</u> - Filing and Licensing Fees (§287.955 and §379.1640)	\$72,000	\$10,000	\$70,000
<u>Costs</u> - DIFP (§379.1640)			
Salaries	(\$22,210)	(\$26,919)	(\$27,188)
Fringe Benefits	(\$14,478)	(\$17,446)	(\$17,520)
Equipment and Expenses	(\$8,968)	(\$1,282)	(\$1,314)
<u>Total Costs</u> - DIFP	<u>(\$45,656)</u>	<u>(\$45,647)</u>	<u>(\$46,022)</u>
FTE Change - DIFP	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$26,344</u>	<u>(\$35,647)</u>	<u>\$23,978</u>
Estimated Net FTE Change on the Insurance Dedicated Fund	1 FTE	1 FTE	1 FTE
 <u>FISCAL IMPACT - Local Government</u>	 FY 2017 (10 Mo.)	 FY 2018	 FY 2019
	<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, the rating plan prohibits an adjustment to the experience modification of an employer if the total medical cost does not exceed \$1000. This proposal changes that amount to 20% of the current split point of primary excess losses under the uniform experience rating plan. When premium modifications result due to a schedule rating plan with an underwriter determining individual risk characteristics, then up to an additional 10% credit may be given for a reduction in the insurer's expenses, rather than "an additional 10%" reduction.

FISCAL DESCRIPTION (continued)

This proposal creates a regulatory system for self-service storage insurance and the selling of such insurance. A limited lines self-service storage producer is allowed to offer and disseminate self-service storage insurance. Producers shall meet certain licensing and training criteria and maintain a register of individuals that offer self-service storage insurance for the producer and provide such information to the Department of Insurance, Financial Institutions and Professional Registration upon request. Employees and authorized representatives offering self-service storage insurance shall receive training that meets minimum standards as outlined, which shall be reviewed and approved by the department director.

Producers offering self-service storage insurance shall provide brochures or other print materials to prospective purchasers that meet minimum standards as outlined in the proposal. Self-service storage insurance producer's employees and authorized representatives shall not engage in certain activities including evaluating the technical terms of the policies or holding themselves out as insurance producers. Limited lines self-service storage insurance producers, operators, employees and authorized representatives can offer self-service storage insurance policies in an amount not to exceed \$5,000 per customer per unit.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

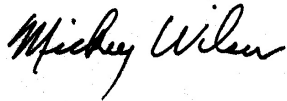
SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Labor and Industrial Relations
Department of Corrections
Department of Transportation
Department of Mental Health
Attorney General's Office
Department of Economic Development
Missouri Housing Development Commission
Office of Administration
Missouri Department of Conservation
Missouri Veterans Commission
Kansas City Public Schools
University of Missouri

§L.R. No. 5573-05
Bill No. Truly Agreed To and Finally Passed SS for SCS for HCS for HB 2194
Page 6 of 6
June 8, 2016

SOURCES OF INFORMATION (continued)

Northwest Missouri State University
University of Central Missouri
State Technical College of Missouri



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