

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 5286S.03P

Bill No.: Perfected SS for SB 1359

Subject: Department of Commerce and Insurance; Insurance - Life; Insurance - Health;  
Banks And Financial Institutions; Insurance - General

Type: #Updated

Date: April 2, 2024

#Updated with a revised response from the Department of Commerce and Insurance.

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Bill Summary: This proposal enacts provisions relating to reinsurance and examinations of insurance companies.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on General Revenue</b>			
	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>#Total Estimated Net Effect on Other State Funds</b>			
	<b>#\$0</b>	<b>#\$0</b>	<b>#\$0</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2025	FY 2026	FY 2027
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## **FISCAL ANALYSIS**

### **ASSUMPTION**

#### **Section 374.192**

#Officials from the **Department of Commerce and Insurance (DCI)** assume the costs of this bill can be absorbed within their current appropriations. However, should the cost be more than anticipated, the department would request an increase to our FTE and/or appropriations as appropriate through the budget process.

#**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note.

#### **Section 380.621**

Officials from the **Department of Revenue (DOR)** assume this proposal exempts Missouri mutual insurance companies from rules and regulations other than those in Section 380.621. Currently insurance companies are required to pay premium tax under Chapter 148. This proposal appears to exempt these companies from the premium tax. Each year DCI calculates the amount of premium tax owed by the companies. DOR defers to DCI for the estimate of the loss to state revenue.

**Oversight** assumes the Senate Substitute version of section 380.621 changes this provision and will not eliminate premium tax collection as mentioned in previous fiscal notes.

Officials from the **Office of Administration - Budget and Planning** defer to the Department of Commerce and Insurance for the potential fiscal impact of this proposal.

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State (SOS)** note many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to the SOS for Administrative Rules is less than \$5,000. The SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, the SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what the office can sustain with its core budget. Therefore, the SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u><b>#\$0</b></u>	<u><b>#\$0</b></u>	<u><b>#\$0</b></u>

<u>FISCAL IMPACT – Local Government</u>	FY 2025 (10 Mo.)	FY 2026	FY 2027
	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>

#### FISCAL IMPACT – Small Business

A direct fiscal impact to mutual insurance companies could be expected as a result of this proposal.

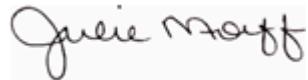
#### FISCAL DESCRIPTION

This proposal establishes standards in regards to insurance company reinsurance coverage and company examination standards.

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

Office of Administration - Budget and Planning  
Department of Revenue  
Department of Commerce and Insurance  
Office of the Secretary of State  
Joint Committee on Administrative Rules



Julie Morff  
Director  
April 2, 2024



Ross Strope  
Assistant Director  
April 2, 2024