

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. NO.: 3679-01  
BILL NO.: SB 964  
SUBJECT: Insurance - General; Insurance Department; Licensing - Professional  
TYPE: Original  
DATE: March 10, 2000

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON STATE FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
Insurance Dedicated	\$0	\$0	\$0
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
None			
<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 LOCAL FUNDS</b>			
FUND AFFECTED	FY 2001	FY 2002	FY 2003
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

**FISCAL ANALYSIS**

**ASSUMPTION**

Officials from the Department of Insurance (INS) state there are currently 77,000 agents and 7,500 brokers licensed in Missouri. Licenses are for two years. Agent license fee and renewal fee is \$25. Broker license fee and renewal fee is \$100. During FY99 INS collected licensing and renewal fees of approximately \$1,405,547. There are 4,342 individuals who hold an agent and broker license that would now only require one license. This would reduce revenues by issuing only one insurance producer license. Currently the department has a late fee of \$25 per month for each month a renewal is late. The proposal allows renewal of up to one year without additional late fees above the cost of renewal. Revenue loss due to late fees cannot be determined. The proposal calls for agent appointments to be renewed and an appointment renewal fee to be collected. Currently the department collects \$10 per appointment and \$10 when appointments are terminated. They are currently not renewed. The department processes approximately 90,000 appointments and 80,000 terminations annually as agents move between insurers and new agents are added. Renewal appointments would provide an increase in revenue in addition to these appointments and terminations. INS would not require an additional licensing or investigation staff, but modifications to the department's licensing system would be required. In order to transfer licensing files from a two license system to a one license system, allow for appointment renewals and make other modifications required under the legislation 1,528 contract programming hours would be required and \$47,000 for additional hardware and software. INS assumes that it would set insurance producer application fees and renewal fees to ensure no loss of revenue would occur and to also cover the cost of modification to the licensing system.

<u>FISCAL IMPACT - State Government</u>	FY 2001	FY 2002	FY 2003
<b>INSURANCE DEDICATED FUND</b>			
<u>Income - Department of Insurance</u>			
Filing fees	\$0	\$178,280	\$0
<u>Costs - Department of Insurance</u>			
Reprogramming expenses	<u>\$0</u>	<u>(\$178,280)</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

L.R. NO. 3679-01  
BILL NO. SB 964  
PAGE 3 OF 3  
March 10, 2000

<u>FISCAL IMPACT - Local Government</u>	FY 2001	FY 2002	FY 2003
	<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.

DESCRIPTION

This proposal would adopt the Producer Licensing Model Act promulgated by the National Association of Insurance Commissioners. This proposal would govern the qualifications and procedures for the licensing of insurance producers. The proposal would create one license for any person who engages in the selling, negotiating and soliciting of insurance.

This proposal would become effective date of January 1, 2002.

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



Jeanne Jarrett, CPA  
Director  
March 10, 2000