

COMMITTEE ON LEGISLATIVE RESEARCH
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2497-02
Bill No.: SB 981
Subject: Insurance - General; Consumer Protection; Insurance Department
Type: Original
Date: February 18, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Insurance Dedicated	\$0 to \$33,900	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0 to \$33,900	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Local Government	\$0	\$0	\$0

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

FISCAL ANALYSIS

ASSUMPTION

Official from the **Missouri Consolidated Health Care Plan**, the **Missouri Department of Conservation**, the **Department of Public Safety - Missouri State Highway Patrol**, the **Department of Transportation**, and the **Department of Social Services** assume this proposal would not fiscally impact their agencies.

Officials from the **Secretary of State (SOS)** assume this proposal prohibits insurers from using lack of an established credit history in denying or refusing to renew insurance. SOS states the Department of Insurance could promulgate rules. The SOS assumes this proposal would result in the SOS publishing rules in the Missouri Register and the Code of State Regulations at a cost of \$246 in fiscal year 2003.

Oversight assumes SOS could absorb the cost related to this proposal. If multiple proposals pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Department of Insurance (INS)** assume property and casualty insurers would be required to re-file their policy forms to comply with this legislation. This would result in one-time maximum revenues to the Insurance Dedicated Fund as follows: 678 insurers (personal auto, fire and homeowner insurers) x \$50 per filing - \$33,900. Projected revenues would be \$0 to \$33,900. It is anticipated that current appropriations and staff would be able to absorb the work for implementation of this single proposal. However if additional proposals are approved during the legislative session, the INS would require additional staff to handle the increase in workload.

This proposal would result in an increase in Total State Revenues.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
INSURANCE DEDICATED FUND			
Income - Department of Insurance			
Form filing fees	<u>\$0 - \$33,900</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$0 - \$33,900</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Local Government

FY 2003
(10 Mo.)

FY 2004

FY 2005

\$0

\$0

\$0

FISCAL IMPACT - Small Business

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

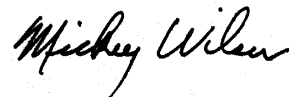
DESCRIPTION

This proposal prohibits insurance companies from using an individual's lack of an established credit history in denying or refusing to renew insurance coverage. An insurer cannot cancel, refuse to write, or refuse to renew a policy or base an adverse underwriting decision because a person does not have an established credit history. An insurance company which violates this section is guilty of an unfair trade practice. The provisions of this proposal will apply to insurance policies entered into on or after January 1, 2003.

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 Transportation
Department of Social Services
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation
Secretary of State
Department of Public Safety -
Missouri State Highway Patrol



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February 18, 2002

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