

Fiscal Estimate Narratives
OCI 2/10/2010

LRB Number 09-0172/2	Introduction Number AB-0701	Estimate Type Original
Description The Interstate Insurance Receivership Compact, investment guidelines for charitable gift annuity segregated accounts, Health Insurance Risk-Sharing Plan assessment participation, reciprocity for long-term care insurance policies, voting by fraternal members, the insurance security fund, modifications to motor vehicle insurance policy and umbrella and excess liability policy requirements, providing an exemption from emergency rule procedures, and granting rule-making authority		

Assumptions Used in Arriving at Fiscal Estimate

AB 701 will lower reinstatement fees charged to insurance intermediaries. The current fee for reinstating an intermediary license is an amount equal to the fee for a new resident license. The change to AB 701 would reduce the reinstatement fee to an amount equal to twice the license renewal fee. OCI estimates that approximately 100 agents with an average of two lines of authority will require license reinstatement monthly. The charge to reinstate a license is \$75 per line of authority which results in a total of \$180,000 in estimated annual revenue. By changing the reinstatement fee to twice the renewal fee the annual revenue is estimate to be \$84,000. The change results in a decrease in estimated revenues by \$96,000.

AB 701 creates a \$10 electronic application fee for filing an original electronic resident application following successful completion of any required prelicensing education or examinations. OCI estimates that 500 electronic applications will be filed each month for a total of 6000 applications per year. The fee will generate \$60,000 in annual revenues to pay for current issuance costs.

The combined effect of of each fee change lowers overall agency revenues by \$36,000 which can be absorbed by the agency.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2009 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect):			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
State Operations - Salaries and Fringes	\$		\$
(FTE Position Changes)			
State Operations - Other Costs			
Local Assistance			
Aids to Individuals or Organizations			
TOTAL State Costs by Category	\$		\$
B. State Costs by Source of Funds			
GPR			
FED			
PRO/PRS			
SEG/SEG-S			
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, etc.)			
		Increased Rev	Decreased Rev
GPR Taxes	\$		\$
GPR Earned		6,000	-9,600
FED			
PRO/PRS		54,000	-86,400
SEG/SEG-S			
TOTAL State Revenues		\$60,000	\$-96,000
NET ANNUALIZED FISCAL IMPACT			
		State	Local
NET CHANGE IN COSTS		\$	\$
NET CHANGE IN REVENUE		\$-36,000	\$
Agency/Prepared By		Authorized Signature	Date
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