

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2829-01
Bill No.: HB 1137
Subject: Consumer Protection; Insurance - Property; Property, Real and Personal
Type: Original
Date: January 10, 2002

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
Insurance Dedicated	\$0 to \$41,600	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$0 to \$41,600	\$0	\$0

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2003	FY 2004	FY 2005
None			
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 3 pages.

FISCAL ANALYSIS

ASSUMPTION

The **Department of Insurance (INS)** assumes that all property and casualty insurers would be required to re-file their property forms to include the new language. This would result in one-time maximum revenues to the Insurance Dedicated Fund as follows: 832 insurers x \$50 per filing = \$41,600. INS states that projected revenues would be in a range of \$0 - \$41,600. INS anticipates 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 department would require additional staff to handle the increase in workload.

<u>FISCAL IMPACT - State Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
---	---------------------	---------	---------

INSURANCE DEDICATED FUND

<u>Income - Department of Insurance</u>			
Form filing fees	<u>\$0 to \$41,600</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON THE INSURANCE DEDICATED FUND	<u>\$0 TO \$41,600</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2003 (10 Mo.)	FY 2004	FY 2005
	<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 require a property insurer, when paying a covered claim, to pay the insured the replacement cost of property without any deduction for depreciation. The insurer, however,

may deduct for depreciation in an "actual costs" policy.

DESCRIPTION (continued)

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



Mickey Wilson, CPA
Acting Director
January 10, 2002