

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1430-01
Bill No.: HB 654
Subject: Licenses - Miscellaneous; Insurance - General
Type: Original
Date: March 11, 2013

Bill Summary: This legislation proposes the creation of limited lines travel insurance producer licences.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(\$57,016)	(\$60,439)	(\$61,100)
Total Estimated Net Effect on General Revenue Fund	(\$57,016)	(\$60,439)	(\$61,100)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	1	1	1
Total Estimated Net Effect on FTE	1	1	1

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** assume this proposal creates new requirements for sale of travel insurance in Missouri. Due to these new requirements, the department will need one Investigator II FTE. The FTE will insure compliance with this legislation and investigate consumer complaints regarding the sale of travel insurance and travel insurance producers. The department believes the licensing provisions of this proposal can be handled within the department's current appropriations and FTE; however should the workload be more than anticipated, the department would request additional general revenue appropriation and/or FTE through the budget process.

The legislation does not authorize the department to collect fees for licensure. The department assumes funding will be from General Revenue. The department estimates a fiscal impact expense of \$57,016 in FY14, \$60,439 in FY15 and \$61,100 in FY16.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE FUND			
<u>Costs - DIFP</u>			
Salaries	(\$30,560)	(\$37,039)	(\$37,409)
Fringe Benefits	(\$16,148)	(\$19,571)	(\$19,767)
Equipment and expense	<u>(\$10,308)</u>	<u>(\$3,829)</u>	<u>(\$3,924)</u>
<u>Total Costs - DIFP</u>	<u>(\$57,016)</u>	<u>(\$60,439)</u>	<u>(\$61,100)</u>
FTE Change - DIFP	1 FTE	1 FTE	1 FTE
ESTIMATED NET EFFECT ON GENERAL REVENUE FUND	<u>(\$57,016)</u>	<u>(\$60,439)</u>	<u>(\$61,100)</u>
Estimated Net FTE Change on the General Revenue Fund	1 FTE	1 FTE	1 FTE
<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Small Business</u>			

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

FISCAL DESCRIPTION

This proposal allows the Director of the Department of Insurance, Financial Institutions and Professional Registration to issue an individual or business entity that has complied with specified requirements a limited lines travel insurance producer license that authorizes the producer to sell, solicit, or negotiate travel insurance through a licensed insurer. An application must be filed with the department director in a form and manner prescribed by the department director.

A travel retailer must make available to prospective purchasers brochures or other written materials that provide the identity and contact information of the insurer and the limited lines travel insurance producer; explain that the purchase of travel insurance is not required to purchase any other product or service from the travel retailer; and explain that an unlicensed travel retailer is permitted to provide general information about the insurance offered by the travel retailer, including a description of the coverage and price, but is not qualified or authorized to answer technical questions about the terms and conditions of the insurance offered by the travel retailer or to evaluate the adequacy of the customer's existing insurance coverage. A travel retailer's employee or authorized representative may not engage in specified practices such as holding himself or herself out as a licensed insurer, licensed producer, or insurance expert or evaluate or provide advice concerning insurance coverage.

As the insurer designee, the limited lines travel insurance producer is responsible for the acts of the travel retailer and must use reasonable means to ensure compliance by the retailer with these provisions. The limited lines travel insurance producer and any travel retailer selling travel insurance under the limited lines travel insurance producer license must be subject to the trade practices and enforcement provisions of this state.

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, Financial Institutions and Professional Registration



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March 11, 2013

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