

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 5056-01
Bill No.: SB 616
Subject: Insurance - Property; Housing
Type: Original
Date: February 27, 2012

Bill Summary: This proposal requires homeowner insurance companies to offer sinkhole coverage.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Insurance Dedicated Fund	Up to \$16,700	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$16,700	\$0	\$0

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

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
Total Estimated Net Effect on FTE	0	0	0

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 2013	FY 2014	FY 2015
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Economic Development - Missouri Housing Development Commission** assume there will be no fiscal impact to their agency.

Officials from the **Department of Insurance, Financial Institutions & Professional Registration (DIFP)** assume insurers would be required to submit amendments to their policies to comply with this proposal. Policy amendments must be submitted to the DIFP for review along with a \$50 filing fee.

Assuming 50% of Home Owners and Dwelling insurers make form and rate filings due to amendments:

334 Home Owners and Dwelling Fire Insurers (per 2010 Market Share report)
 $334 * 50\% = 167$ insurers x \$50 filing fee = \$8,350 x 2 (1 rate filing and 1 form filing) = \$16,700 potential revenue.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the DIFP will need to request additional staff to handle the increase in workload.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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INSURANCE DEDICATED FUND

<u>Revenue - Policy Amendments</u>	<u>Up to \$16,700</u>	<u>\$0</u>	<u>\$0</u>
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ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$16,700</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
	<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.

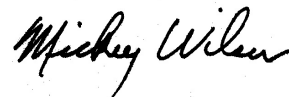
FISCAL DESCRIPTION

The proposed legislation appears to have no fiscal impact.

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 &
Professional Registration
Department of Economic Development
Missouri Housing Development Commission



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February 27, 2012

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