

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

February 23, 2003

TO: Honorable John T. Smithee, Chair, House Committee on Insurance

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB392 by Seaman (Relating to the licensing of public insurance adjusters.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB392, As Introduced: an impact of \$0 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>DEPT INS OPERATING ACCT</i> 36
2004	\$62,500
2005	\$62,500
2006	\$62,500
2007	\$62,500
2008	\$62,500

Fiscal Analysis

The bill would create a new license for Public Adjusters, establishing an examination requirement for the license and creating an advisory board at the Texas Department of Insurance.

Methodology

The bill would generate revenue from the initial licensing of public adjusters and biennial renewals of public adjuster licenses. The Texas Department of Insurance anticipates 1,250 public adjusters would be licensed each year. The projected annual revenue from licensing and renewing public adjusters would be \$62,500 for the \$50 two-year license. The bill directs fees from the licenses be deposited to the Texas Department of Insurance Operating Fund.

The agency contracts with an external vendor to administer all agent and adjuster licensing

examinations. The contract provides for the vendor to administer any new license exams required by legislation during the life of the contract. The agency would add the public adjuster license examination to the existing contract. The agency indicates it can absorb the workload of criminal history reviews and other manual application and renewal tasks for the public adjuster licenses within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department Of Insurance

LBB Staff: JK, JRO, RT, RB