

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 12, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB1561 by Eiland (Relating to nonforfeiture amounts of certain annuities.), **As Introduced**

No significant fiscal implication to the State is anticipated.

The bill would change the minimum interest rate requirement for the standard non-forfeiture law calculation and would provide that the Department of Insurance (TDI) may adopt rules to implement the bill. A company would be allowed to choose the method of calculation of the interest rate under the current requirements or under the proposed new requirements until August 31, 2005. On or after September 1, 2005, companies would be required to use the new requirements.

Annuity insurers are required to submit a filing fee of \$100.00 per filing, subject to approval by TDI. The agency estimates the bill would cause an additional 2,081 filings raising \$208,100 over the 2004-05 biennium.

It is anticipated that any increase in fee revenue would be offset by a decrease in the insurance maintenance tax.

TDI could absorb any costs associated with the bill within current resources.

The bill would take effect immediately if it receives two-thirds vote, otherwise, it would take effect September 1, 2003.

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