

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**May 31, 2003**

**TO:** Honorable David Dewhurst , Lieutenant Governor, Senate  
 Honorable Tom Craddick, Speaker of the House, House of Representatives

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: SB14** by Jackson (relating to certain insurance rates, forms, and practices; providing penalties. ), **Conference Committee Report**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB14, Conference Committee Report: 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.

According to the Comptroller of Public Accounts, the bill would not significantly change the amount of insurance premium taxes. To the extent that the provisions of this bill are effective in restraining unfair or unwarranted premium increases, it would exert some downward pressure on premium tax collections. However, to the extent that its provisions are equally effective in promoting insurance availability, it would encourage premium and premium tax growth.

**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</i> <i>ACCT</i> 36	Probable Savings/(Cost) from <i>DEPT INS OPERATING</i> <i>ACCT</i> 36	Change in Number of State Employees from FY 2003
2004	(\$906,219)	\$906,219	5.8
2005	(\$991,413)	\$991,413	5.8
2006	(\$991,413)	\$991,413	5.8
2007	(\$1,035,804)	\$1,035,804	4.8
2008	(\$1,035,804)	\$1,035,804	4.8

**Fiscal Analysis**

The bill would amend the existing benchmark system for all residential property and personal automobile insurance and would define insurers as all authorized entities including Lloyds, county

mutuals, farm mutuals, etc. The bill would specify that the term insurer does not include Texas Windstorm Insurance Association, FAIR Plan Association or Texas Automobile Insurance Plan Association.

The bill would move the responsibility for the National Association of Insurance Commissioner (NAIC) database filing fee from the Department of Insurance to insurance companies.

The bill would take effect immediately if passed by at least a two-thirds majority on a record vote in both houses; otherwise, it would take effect on September 1, 2003.

### **Methodology**

In order to absorb increased workloads related to the bill, the Department of Insurance indicates it would require an additional \$593,781 and 5.75 FTEs in 2004, \$508,587 and 5.75 FTEs each year in 2005-06, and \$464,196 and 4.75 FTEs each year thereafter.

By requiring insurance companies to pay the NAIC database filing fee, the Department of Insurance would no longer have to collect and expend \$1,500,000 each year, from General Revenue Dedicated Fund 36, for this purpose from insurance companies.

### **Technology**

The Department of Insurance would require an additional \$23,166 in 2004 for computers and related equipment for the additional FTEs.

### **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 304 Comptroller of Public Accounts, 454 Department of Insurance

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