

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION

March 31, 2009

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

FROM: John S. O'Brien, Director, Legislative Budget Board

IN RE: HB4339 by Smithee (Relating to the establishment and operation of the unauthorized insurance guaranty fund.), **As Introduced**

The amount of penalties to be transferred from General Revenue and overall negative fiscal impact under the provisions of the bill would vary dependent on the penalties collected and the amount of policy claims due to an unauthorized insurer; therefore, the fiscal impact to the state cannot be estimated.

The bill would amend the Insurance Code to create the Unauthorized Insurance Guaranty Fund (Fund) outside of the State Treasury. The Texas Department of Insurance (TDI) would identify collected penalties to be deposited in the Fund for the purpose of paying advances if the assets of the unauthorized insurer are insufficient to pay administrative expenses or policy claims.

The administrative penalties identified in the bill are currently deposited into General Revenue. The bill may result in a decrease in revenue to General Revenue due to the provisions of this bill. Since the amount of penalties and the amount of policy claims for unauthorized insurer is undetermined, the fiscal implication of the bill cannot be estimated.

Based on the analysis by TDI, it is assumed that any agency administrative costs associated with the implementation of the bill could be absorbed within existing resources.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: JOB, KJG, MW, CH