

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

**FISCAL NOTE, 81ST LEGISLATIVE REGULAR SESSION**

**May 10, 2009**

**TO:** Honorable Robert Duncan, Chair, Senate Committee on State Affairs

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

**IN RE: SB2416** by Deuell (Relating to the authority of certain insurers to engage in the business of health insurance in this state.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for SB2416, As Introduced: an impact of \$0 through the biennium ending August 31, 2011.

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
2010	\$0
2011	\$0
2012	\$0
2013	\$0
2014	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable Revenue Gain from <i>Insurance Maint Tax Fees</i> 8042	Probable (Cost) from <i>Insurance Maint Tax Fees</i> 8042	Change in Number of State Employees from FY 2009
2010	\$152,804	(\$152,804)	2.0
2011	\$143,238	(\$143,238)	2.0
2012	\$143,238	(\$143,238)	2.0
2013	\$143,238	(\$143,238)	2.0
2014	\$143,238	(\$143,238)	2.0

**Fiscal Analysis**

The bill would amend the Insurance Code regarding licensing requirements for foreign life, health, or accident insurance companies. The bill would allow the Texas Department of Insurance (TDI) to waive certain requirements for licensing foreign insurers. The bill would result in a foreign insurer automatically being licensed if that insurer holds a certificate of authority issued by another state with licensing requirements and standards similar to Texas licensing requirements. The bill would authorize TDI to adopt rules to implement the provisions of the bill.

The bill would take effect on September 1, 2009.

## **Methodology**

Based on the analysis by TDI, the bill would result in an increase in the number of licensed insurers which would increase the agency's workload. Implementation of the bill would require 2 new full-time-equivalent positions (FTEs). The 2 FTEs would cost \$108,181 in salaries and wages with associated benefits costs of \$30,907, and telephone, consumables, and other operating expenses of \$4,150 in each fiscal year of the 2010-11 biennium. Additionally, there would be one-time expenditures of \$9,566 in fiscal year 2010.

Since TDI is required to generate revenues equivalent to its costs of operation under current law, this analysis assumes that all costs incurred would be paid from General Revenue-8042 Insurance Maintenance Taxes from either existing fund balances or insurance maintenance tax revenues.

## **Technology**

The bill would have a technology impact of \$2,888 in fiscal year 2010.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 454 Department of Insurance

**LBB Staff:** JOB, KJG, MW, CH