

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 84TH LEGISLATIVE REGULAR SESSION

April 21, 2015

TO: Honorable John Frullo, Chair, House Committee on Insurance

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: HB3141 by Lozano (Relating to the appeal of decisions by the Texas Department of Insurance regarding issuance of certain certificates of compliance under the Texas Windstorm Insurance Association Act.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for HB3141, As Introduced: an impact of \$0 through the biennium ending August 31, 2017.

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
2016	\$0
2017	\$0
2018	\$0
2019	\$0
2020	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Savings/(Cost) from Insurance Maint Tax Fees 8042	Probable Revenue Gain/(Loss) from Insurance Maint Tax Fees 8042
2016	(\$521,997)	\$521,997
2017	(\$516,997)	\$516,997
2018	(\$516,997)	\$516,997
2019	(\$516,997)	\$516,997
2020	(\$516,997)	\$516,997

Fiscal Year	Change in Number of State Employees from FY 2015
2016	5.0
2017	5.0
2018	5.0
2019	5.0
2020	5.0

Fiscal Analysis

The bill would amend the Insurance Code relating to the appeal of decisions by the Texas Department of Insurance (TDI) regarding issuance of certain certificates of compliance under the Texas Windstorm Insurance Association.

The bill would create a seven member appeals panel to hold hearings to determine whether a certificate of compliance should be issued in accordance with Section 2210 of the Insurance Code. All appeals panel proceedings shall be conducted in Travis County. The bill directs that the appeals panel would be administratively attached to TDI and that all staff, services, and facility space necessary for the appeals panel to operate will be provided by TDI.

The bill takes effect September 1, 2015.

Methodology

Based on information provided by TDI, it is estimated that a minimum 240 requests for certificate of compliance would be rejected and appealed each year and result in an additional 1,200 staff hours required by the appeals panel. TDI estimates that this would result in a need for 5.0 new FTE positions each year (4.5 Attorney III and 0.5 Program Specialist IV FTES), at an estimated cost of \$481,914 in fiscal year 2016 and \$476,914 each fiscal year thereafter. This analysis further assumes that the appeals panel and their staff would be reimbursed for travel expenses. TDI estimates that cost to be approximately \$40,083 each fiscal year.

Since the appeals panel would be administratively attached to TDI, it is assumed that all costs associated with implementing the provisions of the bill would be paid utilizing General Revenue Insurance Maintenance Tax appropriations.

Technology

TDI estimates one-time technology costs of \$5,000 in fiscal year 2016.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: UP, AG, NV, ER