

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 85TH LEGISLATIVE REGULAR SESSION

May 25, 2017

TO: Honorable Dan Patrick, Lieutenant Governor, Senate

FROM: Ursula Parks, Director, Legislative Budget Board

IN RE: SB1450 by Taylor, Larry (Relating to the rulemaking authority of the commissioner of insurance with respect to certain agreements and the effect of those agreements on this state's authority to regulate insurance.), **As Passed 2nd House**

Estimated Two-year Net Impact to General Revenue Related Funds for SB 1450, As Passed 2nd House: an impact of \$0 through the biennium ending August 31, 2019.

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
2018	\$0
2019	\$0
2020	\$0
2021	\$0
2022	\$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 2017
2018	\$283,439	(\$283,439)	5.0
2019	\$278,439	(\$278,439)	5.0
2020	\$278,439	(\$278,439)	5.0
2021	\$278,439	(\$278,439)	5.0
2022	\$278,439	(\$278,439)	5.0

Fiscal Analysis

The bill would amend the Insurance Code relating to the rulemaking authority of the Commissioner of Insurance with respect to certain agreements and the effect of those agreements

on this state's authority to regulate insurance. The bill requires the Texas Department of Insurance (TDI) to waive any continuing education (CE) requirements for an adjuster who receives a certificate of completion of a CE program issued by an interstate, national, or international agreement if the number of hours and program content meet TDI's current CE requirements.

The bill would take effect immediately upon receiving a vote of two-thirds of all members elected to the House and Senate or otherwise on September 1, 2017. The provisions of the bill would only apply to CE requirements for an adjuster's license period beginning on or after January 1, 2018. The Commissioner of Insurance would be required to adopt rules to implement the provisions of the bill no later than December 1, 2017.

Methodology

Based on information provided by TDI, the agency anticipates approximately 56,250 adjusters would pursue a waiver under the provisions of the bill. The bill would allow for any entity, vendor, association, individual, or existing registered course provider through an agreement that only involves persons in two states to provide a CE certification outside of TDI's existing framework of vendor systems. The submission of certifications would require a manual review to determine completed CE requirements and process renewals. It is estimated that implementing the provisions of the bill would result in the need for 5.0 additional Full-Time-Equivalent (FTE) positions assuming each waiver would take an average of 10 minutes to complete.

The agency estimates that the 5.0 FTEs would require recurring costs to General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees of \$200,695 in salaries, \$3,010 in payroll contribution costs, and \$70,484 in related support and benefit costs each fiscal year. Additional program costs include a one-time cost of \$5,000 for computers and related software, and recurring costs of \$3,000 for consumable supplies and \$1,250 for other related operating expenses.

Due to the self-leveling nature of the TDI operating fund, this analysis assumes that TDI would adjust the assessment of the maintenance tax to account for any additional costs resulting from the implementation of the bill.

Technology

TDI estimates a one-time technology cost of \$5,000 in fiscal year 2018 related to the purchase of a computer and related software for the new FTEs required to implement the provisions of the bill.

Local Government Impact

No fiscal implication to units of local government is anticipated.

Source Agencies: 454 Department of Insurance

LBB Staff: UP, AG, EH, CP