

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION

April 7, 2019

TO: Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

FROM: John McGeady, Assistant Director Sarah Keyton, Assistant Director
 Legislative Budget Board

IN RE: **SB1584** by Hughes (Relating to waiver of continuing education requirements for certain insurance adjusters.), **As Introduced**

Estimated Two-year Net Impact to General Revenue Related Funds for SB1584, As Introduced: an impact of \$0 through the biennium ending August 31, 2021.

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 |
|-------------|---|
| 2020 | \$0 |
| 2021 | \$0 |
| 2022 | \$0 |
| 2023 | \$0 |
| 2024 | \$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 |
|-------------|--|---|---|
| 2020 | \$504,807 | (\$504,807) | 8.0 |
| 2021 | \$492,807 | (\$492,807) | 8.0 |
| 2022 | \$492,807 | (\$492,807) | 8.0 |
| 2023 | \$492,807 | (\$492,807) | 8.0 |
| 2024 | \$492,807 | (\$492,807) | 8.0 |

Fiscal Analysis

The bill would amend the Insurance Code relating to waiver of continuing education requirements for certain insurance adjusters. The bill would require 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 a professional organization of adjusters if the number of hours and program content meet TDI's current CE requirements.

The bill would take effect on September 1, 2019; however, the provisions of the bill would only apply to CE requirements for an adjuster's license period beginning on or after January 1, 2020. The Commissioner of Insurance would be required to adopt rules to implement the provisions of the bill no later than December 1, 2019.

Methodology

Based on information provided by TDI, the agency anticipates approximately 25,000 adjusters would pursue a waiver under the provisions of the bill. The bill allows for any professional organization of adjusters 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 8.0 additional Full-Time-Equivalent (FTE) positions assuming each FTE could review 3,000 renewals each year.

The agency estimates that the 8.0 FTEs would require recurring costs to General Revenue - Insurance Companies Maintenance Tax and Insurance Department Fees of \$360,192 in salaries, \$5,403 in payroll contribution costs, and \$120,412 in related support and benefit costs each fiscal year. Additional program costs include a one-time cost of \$12,000 for computers and related equipment, and recurring costs of \$4,800 for consumable supplies and \$2,000 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 \$12,000 in fiscal year 2020 related to the purchase of computers and related equipment 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: WP, CLo, CMa, SGr, CP