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FISCAL IMPACT REPORT

SPONSOR: Leavell DATE TYPED: 02/22/01 HB _____
 SHORT TITLE: Changed Certain Insurance Fees SB 362/aSFC
 ANALYST: Wilson

REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY01	FY02			
	\$ 24.0		Recurring	General Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

Public Regulation Commission (PRC)

SUMMARY

Synopsis of SFC Amendment

SB 362/aSFC clarifies that the filing fee will be calculated on a calendar year basis.

Synopsis of Original Bill

SB 362 adds an application for the surplus lines insurer. SB 362 replaces current fees now determined on a per filing basis with an annual fee for all property rates and form filings.

Significant Issues

The Insurance Division receives approximately 6000 filings per year for property and casualty rates and forms. The current schedule of fees is \$50 per rate filing, \$30 per major form filing and \$15 per major form filing. Each filing that is received must be checked and verified to be sure that the proper filing fee is included. In addition these fees are subject to “retaliatory adjustment” which must be checked in the domicile state. SB 362 changes the current procedure and uses a formula based on each companies direct written premium subject to a maximum of \$1500 per line of insurance per company.

FISCAL IMPLICATIONS

Senate Bill 362/aSFC -- Page 2

The Public Regulation Commission reports the \$1,000 fee on surplus lines insurers should generate \$24,000 per year. The change in the property and casualty filing fees is designed by the PRC to be revenue neutral.

The PRC estimates that SB 362 will result in an increased cost to the two largest domestic property and casualty companies, New Mexico Mutual and Mountain States Mutual which will be offset by savings to the Division of Insurance. There will be some savings to some insurers who are domiciled out-of-state because retaliatory fees will not be imposed.

ADMINISTRATIVE IMPLICATIONS

SB 362 will simplify the collection of rate and form filing fees for Division of Insurance.

DW/ar/njw