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## FISCAL IMPACT REPORT



SPONSOR: Fidel DATE TYPED: 02/6/02 HB \_\_\_\_\_

SHORT TITLE: Insurance Code Limited Licenses SB 486

ANALYST: Valenzuela

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
		\$0.1	See Narrative	Recurring	Other State Funds

(Parenthesis ( ) Indicate Expenditure Decreases)

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY02	FY03			
	\$25.0	\$25.0	Recurring	General Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC files  
Public Regulation Commission (PRC)

### SUMMARY

#### Synopsis of Bill

Senate Bill 486 creates a new class of limited insurance agent license for persons selling insurance to cover loss or damage to communications equipment in connection with the sale of such equipment.

#### Significant Issues

The PRC notes anticipated revenue of \$25.0 in FY03. It is unclear if the Superintendent of Insurance has the authority to charge an application or license fee for this new license. The bill is silent

on this issue. However, the Insurance Code allows fees to be charged for general insurance licenses, which may include this new license.

### **FISCAL IMPLICATIONS**

SB 486 does not carry an appropriation.

### **ADMINISTRATIVE IMPLICATIONS**

The PRC states that it would need an additional FTE to handle the increased workload from enactment of SB 486. The Insurance Division has privatized some of its application and licensing functions, which may have reduced the workload for as many as 12 FTE. Also, Senate Bill 235 would allow the division to privatize other processes related to application and license processing, which will further lessen the workload on the division staff.

Additionally, for the past seven years, the Insurance Division has embarked on a project to automate its processes, which it completed in December 2001. This new system, called IDEAL, will greatly improve the division's processing capability, according to the division staff who managed the project.

The LFC believes the division could absorb the workload with its existing resources.

### **POSSIBLE QUESTIONS**

How many people does the PRC anticipate will require licenses pursuant to this bill?

Does the Superintendent have the authority to charge those people a fee?

MV/sb:ar