Fiscal Note On:	**HB**	**503**	HLS 17RS 803
Bill Text Version:	**ENGROSSED**		
Opp. Chamb. Action:			
Proposed Amd.:			
Sub. Bill For.:			

Date: April 21, 2017	2:15 PM	**Author:** THIBAUT	
Dept./Agy.: Insurance			
Subject: Provides relative to the licensing of insurance producers		**Analyst:** Willis Brewer	

INSURERS/AGENTS   EG +$500,000 SG RV See Note
Provides relative to the licensing of insurance producers

Present law provides that a business entity acting as an insurance producer is required to obtain an insurance producer license and that any person who directly or indirectly controls 10% or more of such entity shall be registered with the Department of Insurance under such business entity's license. Proposed law changes present law by limiting the requirement to register controlling persons to resident business entities. Proposed law adds a requirement for non-resident business entities to provide that information to the commissioner of insurance upon request.
Proposed law retains the current fees for surplus lines producers and the fee for failure to timely file a producer license renewal. Proposed law eliminates fee schedule for insurance producer licenses, but creates an "all other lines" category to consolidate insurance producer licenses for life, health, and annuities; property and casualty; limited lines; and limited lines credit. Proposed law retains present law fee structure for producers of these categories.

EXPENDITURES	2017-18	2018-19	2019-20	2020-21	2021-22	5-YEAR TOTAL
State Gen. Fd.	$0	$0	$0	$0	$0	$0
Agy. Self-Gen.	$0	$0	$0	$0	$0	$0
Ded./Other	$0	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0	$0
Local Funds	$0	$0	$0	$0	$0	$0
Annual Total	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
REVENUES	2017-18	2018-19	2019-20	2020-21	2021-22	5-YEAR TOTAL
State Gen. Fd.	$0	$0	$0	$0	$0	$0
Agy. Self-Gen.	$500,000	$300,000	$0	$0	$0	$800,000
Ded./Other	$0	$0	$0	$0	$0	$0
Federal Funds	$0	$0	$0	$0	$0	$0
Local Funds	$0	$0	$0	$0	$0	$0
Annual Total	**$500,000**	**$300,000**	**$0**	**$0**	**$0**	**$800,000**

EXPENDITURE EXPLANATION
There is no anticipated direct material effect on governmental expenditures as a result of this measure.

REVENUE EXPLANATION
The proposed law is anticipated to have a net increase in revenues in FY 18 and FY 19, but will revert to the current revenue levels in FY 20 and beyond. This legislation modifies the Commissioner of Insurance fee schedule by creating an "all other" category of insurance producers that consolidates the following insurance producer licenses: 1) Life, health, and accident producer; variable annuity producer, 2) Property and casualty producer, 3) Limited lines producer, and 4) Limited lines credit insurance producer.

These producer lines currently renew at different times; property and casualty lines renew on odd calendar years while health and annuity renew on even years. Under the proposed fee schedule all licenses will renew for two years, the producers last digit of their license number will determine whether the producer renews even or odd years. Based on data provided by LDI, it is anticipated LDI will generate approximately $500,000 in FY 18 and $300,000 in FY 19 in additional revenue due to the changes in the fee structure and renewal periods. In subsequent years (FY 20 and beyond) the revenue collections are anticipated to level out and will be similar to current year revenue collections ($4.9 M).

The fee schedule eliminates the $15 fee for duplicate producer license category. Based on the Louisiana Department of Insurance (LDI) budget request documents, the Producer License-Duplicate Producer License/Name Change fee generated $6,190 in FY 14, $965 in FY 15, and $710 in FY 16. LDI is forecasting $655 in FY 17 and FY 18. It is anticipated this fee elimination will have a minimal fiscal impact.

Senate	Dual Referral Rules	House	
☐ 13.5.1 >= $100,000 Annual Fiscal Cost {S&H}		☐ 6.8(F)(1) >= $100,000 SGF Fiscal Cost {H & S}	*Evan Brasseaux*
☒ 13.5.2 >= $500,000 Annual Tax or Fee Change {S&H}		☐ 6.8(G) >= $500,000 Tax or Fee Increase or a Net Fee Decrease {S}	**Evan Brasseaux** **Staff Director**