



**LEGISLATIVE FISCAL OFFICE
Fiscal Note**

Fiscal Note On: **HB 692** HLS 22RS 923
 Bill Text Version: **ENGROSSED**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: March 29, 2022 4:15 PM	Author: LARVADAIN
Dept./Agy.: Insurance	Analyst: Patrice Thomas
Subject: Creates LA Named Storm Insurance Fraud Prev Authority	

INSURANCE DEPARTMENT EG +\$323,554 SD EX See Note Page 1 of 2
 Provides for the Louisiana Named Storm Insurance Fraud Prevention Authority

Proposed law creates the LA Named Storm Insurance Fraud Prevention Authority within the LA Department of Insurance (LDI) and provides for the purpose, duties, powers, and plan of operation. Under the proposed law, the Authority has a 21 member board of directors who shall serve without compensation except for travel and expense reimbursement. The board shall hire a Director and Assistant Director to operate the affairs of the Authority. Proposed law provides that the Attorney General shall serve as legal counsel. Proposed law creates the Named Storm Insurance Fraud Prevention Authority Fund within the state treasury to pay for all administrative costs of the Authority, legal counsel, and provide financial support to law enforcement agencies for insurance fraud prevention, detection, and enforcement. Proposed law requires the Authority to submit an annual report with certain information to the House and Senate Agriculture Committees by March 1st of each year.

EXPENDITURES	2022-23	2023-24	2024-25	2025-26	2026-27	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$323,554	\$315,712	\$315,916	\$316,124	\$316,337	\$1,587,643
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	\$0	\$0	\$0	\$0	\$0	\$0
Annual Total	\$323,554	\$315,712	\$315,916	\$316,124	\$316,337	\$1,587,643

REVENUES	2022-23	2023-24	2024-25	2025-26	2026-27	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

EXPENDITURE EXPLANATION

LA Department of Insurance

Proposed law increases SGR expenditures by \$323,554 within the LA Department of Insurance (LDI) as a result of hiring a Director and Assistant Director for the newly created LA Named Storm Insurance Fraud Prevention Authority. The proposed law creates the LA Named Storm Insurance Fraud Prevention Authority within LDI to combat named storm insurance fraud and the Named Storm insurance Fraud Prevention Authority Fund within the Treasury.

The Authority will be governed by a 21 member board of directors. The board shall hire a Director and Assistant Director to operate the daily affairs of the Authority. In FY 23, LDI estimates a cost of \$323,554, which includes hiring a Director and Assistant Director (\$200,000 salary and \$107,246 related benefits), operating services (\$6,976), and supplies (\$1,292), as well as one-time costs for computer equipment (\$5,460), and office furniture (\$2,580). In subsequent fiscal years, this fiscal note assumes a 2.4% inflation increase in operating services for total expenditures of \$315,712 in FY 24, \$315,916 in FY 25, \$316,124 in FY 26, and \$316,337 in FY 27).

The 21 members of the board shall serve without compensation; however, board members not domiciled in Baton Rouge may receive travel and other reimbursements as permitted in the official state Policy and Procedure Manual (PPM49) for attending board meetings. For informational purposes, the current mileage reimbursement rate is \$0.56 per mile not to exceed a maximum of 99 miles per round trip and/or day. Also, two of the 21 board members shall be legislative members that shall receive legislative per diem of \$168. While there may be costs associated with travel reimbursement and administrative support of the advisory board provided by LDI, they are expected to be minimal.

Also, under the proposed law, the Commissioner of Insurance may use any funds available (gifts, grants, donations, loans, and federal, state or local appropriations) for insurance fraud prevention, detection, and enforcement. To the extent that funding is available, expenditures within LDI is anticipated to increase by an indeterminable amount.

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REVENUE EXPLANATION

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

Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

Evan Brasseaux

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 Interim Deputy Fiscal Officer



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CONTINUED EXPLANATION from page one:

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EXPENDITURE EXPLANATION Continued from Page 1

Attorney General/Department of Justice

Proposed law has an indeterminable fiscal impact on the Department of Justice. Under the proposed law, the Attorney General shall provide legal counsel to the LA Named Storm Insurance Fraud Prevention Authority. Without knowing the type or scope of programs the Authority will establish, the Department of Justice cannot determine if additional staffing will be needed or existing staff and resources will be sufficient. The proposed law provides that the Authority shall reimburse the Department of Justice for costs of legal counsel out of the Named Storm Insurance Fraud Prevention Authority Fund.

Public Safety/LA State Police

There is no anticipated direct material effect on expenditures in the Insurance Fraud and Auto Theft unit within the LA State Police. State Police reports participation in the LA Named Storm Insurance Fraud Prevention Authority will be accomplished with existing staff and resources. To the extent new programs for insurance fraud prevention, detection, and enforcement are enacted under this measure, the proposed law provides for grant funding from the Authority.

Treasury

Creating a new statutory dedication within the state treasury will result in a marginal workload increase for the Department of Treasury, which can generally be absorbed within existing resources. However, to the extent other legislative instruments create new statutory dedications, there may be material additional costs associated with the aggregate effort to administer these funds. The Treasury performs fund accounting, financial reporting, banking, and custodial functions for 436 special funds. When unable to absorb additional workload with existing resources, the Treasury anticipates it will be required to add one T.O. position at a total personnel services cost of approximately \$73,000, plus approximately \$2,450 for a one-time purchase of office equipment. These expenditures are assumed to be SGF in this fiscal note.

Senate Dual Referral Rules

13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}

13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House

6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}

6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

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