

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 147** SLS 23RS 346

Bill Text Version: **ENROLLED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|---------|--------------------------------|
| Date: June 5, 2023 | 6:48 PM | Author: MILLS, ROBERT |
| Dept./Agy.: Insurance | | Analyst: Patrice Thomas |
| Subject: LA Churches and Nonprofit Religious Org Self-Insured Fund | | |

SELF INSURANCE

EN INCREASE SG EX See Note

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Creates the Louisiana Churches and Nonprofit Religious Organizations Self-Insured Fund. (gov sig)

Proposed law creates LA Churches and NonProfit Religious Organizations Self-Insured Fund, which allows churches, religious organizations, and religious denominations ban together and self-insure. Proposed law provides any 2 or more churches and nonprofit religious organization or 1 or more religious denominations may agree pool their liabilities for property insurance coverage for their buildings and properties if they are financially solvent. Proposed law provides the LA Department of Insurance (LDI) to provide regulatory authority. Proposed law provides for public records exceptions regarding the confidential documents and records associated with the fund and examination reports.

| EXPENDITURES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$5,000,000 | \$0 | \$0 | \$0 | \$0 | \$5,000,000 |
| Agy. Self-Gen. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Annual Total | | | | | | |

| REVENUES | 2023-24 | 2024-25 | 2025-26 | 2026-27 | 2027-28 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | INCREASE | INCREASE | INCREASE | INCREASE | INCREASE | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

Proposed law may increase workload in the LA Department of Insurance (LDI) as this measure enacts the LA Churches and NonProfit Religious Organizations Self-Insured Fund that requires regulation authority, audits, examinations, investigation, and other duties by the department. The LA Churches and NonProfit Religious Organizations Self-Insured Fund will allow Louisiana churches and nonprofit religious organizations to pool resources together to provide property insurance for their buildings.

The proposed law authorizes LDI to recover from the LA Churches and NonProfit Religious Organizations Self-Insured Fund all expenses incurred by examiners, auditors, accountants, actuaries, attorneys, clerical or other assistants, and any other expenses incurred in the examination and investigation of the fund. LDI reports a minimal workload increase from the creation of self-insurance funds under this measure. The Legislative Fiscal Office (LFO) assumes any workload and resources utilized within LDI associated with the creation, regulation, examination, and investigation of self-insurance funds for churches and nonprofit religious organizations buildings under this measure will be recovered from the self-insurance funds.

Division of Administrative Law - Proposed law may result in an indeterminable increase associated with administrative hearings by the Division of Administrative Law (DAL). The proposed law provides that any administrative hearing to resolve a dispute related to the regulation of the self-insurance fund will conducted by an administrative law judge with the DAL. The Legislative Fiscal Office cannot anticipate the number of administrative hearings that will actually occur.

REVENUE EXPLANATION

Proposed law provides for a civil fine of up to \$250 per occurrence to any person subject to the regulatory authority of LDI that fails to comply with any directives issued by the Commissioner of Insurance. The LFO presumes the potential revenue may accrue to LDI due to the required levy by the Commissioner, but this point is unclear as civil penalties generally accrue to local governing authorities. The number of individuals that may violate the proposed law and be assessed civil fines by the Commissioner of Insurance is speculative and indeterminable.

Proposed law provides for a fine of up to \$50,000, or imprisonment with or without hard labor for up to 5 years, or both if a person is convicted of falsely representing, materially misrepresenting, or failing to disclose to LDI in connection with any hearing, investigation, or examination of a self-insurance fund. The number of individuals that may be convicted of not disclosing is speculative and indeterminable. The potential revenue will accrue to the local government entities.

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

Evan Brasseaux
Interim Deputy Fiscal Officer