

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 212** SLS 19RS 340

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | |
|--|-----------------------------|
| Date: May 14, 2019 3:45 PM | Author: APPEL |
| Dept./Agy.: LA Dept. of Insurance | Analyst: Zachary Rau |
| Subject: Commercial Automobile Insurance Data Reporting | |

AUTOMOBILE INSURANCE EG +\$68,200 SG EX See Note Page 1 of 1
Requires insurers to report certain commercial vehicle information. (8/1/19)

Proposed law requires commercial automobile insurers to submit certain information the LA Dept. of Insurance by May 1 of each year, and to report the information by parish and Zone Improvement Plan (ZIP) code. Proposed law requires the LDI to report all information received in the aggregate and publish it on the department's website, along with a general description of the ratemaking methodology allowed for insurers to establish automobile insurance rates and commercial motor vehicles. Proposed law provides for exceptions to companies complying with proposed law. Proposed law provides for fines of \$10,000 per month for companies not submitting required information until compliance and that the fines may not be waived or reduced except by legislative act. Proposed law allows the commissioner to waive or modify the reporting requirements in certain circumstances. Information received by the LDI pursuant to proposed law shall be exempt the present public records laws. Proposed law requires all information submitted by companies to be accompanied with a notarized affidavit attesting to its validity. Proposed law is void on May 1, 2025.

| EXPENDITURES | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 5 -YEAR TOTAL |
|---------------------|-----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | \$68,200 | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | \$68,200 |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | \$68,200 | | | | | \$68,200 |

| REVENUES | 2019-20 | 2020-21 | 2021-22 | 2022-23 | 2023-24 | 5 -YEAR TOTAL |
|---------------------|----------------|----------------|----------------|----------------|----------------|----------------------|
| State Gen. Fd. | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Agy. Self-Gen. | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | SEE BELOW | |
| Ded./Other | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Federal Funds | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Local Funds | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> | \$0 |
| Annual Total | | | | | | |

EXPENDITURE EXPLANATION

The LA Dept. of Insurance (LDI) anticipates a one-time SGR expenditure increase of \$68,200 in FY 20 to fund a contract for programming work associated with altering its website to accommodate and publish the new information automobile insurers are required to report pursuant to the proposed legislation. LDI estimates the programming work will take approximately 620 hours to complete at a rate of \$110 per hour, yielding the anticipated one-time cost of \$68,200 (\$110/hour * 620 hours). Furthermore, LDI reports that it will fund any additional maintenance associated with the proposed legislation utilizing an existing IT contract.

REVENUE EXPLANATION

Proposed law may result in additional SGR collections for the LA Dept. of Insurance (LDI) to the extent insurance companies do not report data required in the proposed legislation. Proposed law provides for fines of \$10,000 per month for non-compliant insurance companies, and further provides that these fines may not be waived or reduced except by legislative act. It is assumed that these fines would accrue to LDI as SGR. Any revenue from this source is speculative, as it is unknown if any entities will violate provisions proposed law that would result in financial penalties.

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
Staff Director