



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 552** HLS 23RS 814
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: May 31, 2023 9:07 AM **Author:** HILFERTY
Dept./Agy.: Insurance **Analyst:** Patrice Thomas
Subject: Suspends the 10% LA Citizens Property Insurance Surcharge

INSURANCE OR -\$25,880,388 SG RV See Note Page 1 of 2
 Suspends the premium surcharge of at least ten percent assessed by the Louisiana Citizens Property Insurance Corporation

Proposed law suspends the 10% premium increase assessed by the LA Citizens Property Insurance Corporation for policies issued in Louisiana. Proposed law sunsets at the end of 12/31/2024.

EXPENDITURES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$306,307	\$312,494	\$0	\$0	\$0	\$618,801
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	\$306,307	\$312,494	\$0	\$0	\$0	\$618,801

REVENUES	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>	<u>2027-28</u>	<u>5 -YEAR TOTAL</u>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	(\$25,880,388)	(\$51,015,817)	(\$12,544,670)	\$0	\$0	(\$89,440,875)
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	(\$25,880,388)	(\$51,015,817)	(\$12,544,670)	\$0	\$0	(\$89,440,875)

EXPENDITURE EXPLANATION

Proposed law is anticipated to increase SGF expenditures by \$618,801 (\$306,307 in FY 24 and \$312,494 in FY 25) within the LA Citizens Property Insurance Corporation (Citizens). The proposed law suspends the 10% premium surcharge assessed by Citizens on policies issued in the state. Citizens anticipate increased operating expenditures associated with reducing premium rates that were previously established and approved to be actuarially sound.

Citizens report needing five (5) temporary positions. The staffing estimate includes salaries and related benefits for three (3) Customer Service positions (\$236,691), an IT position (\$232,050), and an accountant position (\$14,560). Other one-time expenditures include printing (\$74,250) and postage (\$28,350) as well as supplies of envelopes and card stock (\$5,400) to mail refunds to policyholders. In addition, Citizens will need programming costs for computer and licensing changes of \$27,500. See the expenditure table on page 2.

Expenditure Explanation Continued on Page 2

REVENUE EXPLANATION

Proposed law will result in a SGR net decrease of \$89.4 M within LA Citizens Property Insurance Corporation (\$25.9 M in 2023, \$51 M in 2024, and \$12.5 in 2025) as follows:

	2023	2024	2025	Total
Premiums	\$29,326,218	\$57,808,291	\$14,214,924	\$101,349,433
Commissions (10%)	(\$2,932,622)	(\$5,780,829)	(\$1,421,492)	(\$10,134,943)
Premium Tax (0.75%)	(\$219,947)	(\$433,562)	(\$106,612)	(\$760,121)
Boards & Bureaus Tax (1%)	(\$293,262)	(\$578,083)	(\$142,149)	(\$1,013,494)
Total	\$25,880,388	\$51,015,817	\$12,544,670	\$89,440,875

Note: The revenue decrease are by calendar year (CY) but presented in the Revenue Table above as fiscal year (FY).

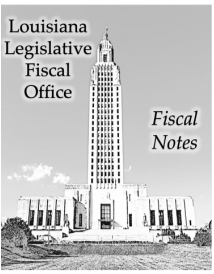
Senate Dual Referral Rules
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

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

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CONTINUED EXPLANATION from page one:
EXPENDITURE EXPLANATION Continued from Page 1

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LA Citizens Property Insurance Corporation
EXPENDITURES

	FY 2024	FY 2025	Total
Temp Positions			
Customer Service (3 positions)	\$78,897	\$157,794	\$236,691
Information Technology	\$77,350	\$154,700	\$232,050
Accountant	\$14,560	\$0	\$14,560
Personal Services Sub-total	\$170,807	\$312,494	\$483,301
Printing	\$74,250	\$0	\$74,250
Postage	\$28,350	\$0	\$28,350
Supplies	\$5,400	\$0	\$5,400
Computer Equipment	\$27,500	\$0	\$27,500
Total	\$306,307	\$312,494	\$618,801
Positions	5	4	

Senate Dual Referral Rules
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