

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 219** SLS 24RS 233

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 10, 2024 4:59 PM	Author: MCMATH
Dept./Agy.: Insurance	Analyst: Patrice Thomas
Subject: Reorganization of Mutual Insurance Holding Companies	

HEALTH/ACC INSURANCE OR NO IMPACT See Note
Provides relative to conversion requirements for health insurers. (gov sig)

Under present law, a mutual insurer seeking to reorganize must submit a proposed plan of reorganization with certain required information to the commissioner of insurance. If the mutual insurer transacts health insurance, proposed law requires disclosure if the reorganization plan is being pursued in conjunction with a proposed acquisition. Under present law, the commissioner must hold a public hearing regarding the reorganization, and conduct certain analyses at the mutual's expense. If the reorganization includes an acquisition, proposed law requires the commissioner to conduct additional financial and market analysis reviews, which will be published on the department's website before the public hearing as well as the mutual's website along with notice of the public hearing. Proposed law prohibits any special ballot or special proxy to be distributed to qualified voters before the public hearing. Proposed law requires the reorganizing mutual to obtain prior approval from the department of any advertising in public media or written communication to qualified voters and requires the department to ensure the information is not false, deceptive, or misleading.

EXPENDITURES	2024-25	2025-26	2026-27	2027-28	2028-29	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	2024-25	2025-26	2026-27	2027-28	2028-29	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

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law requires the Commissioner of Insurance/LA Department of Insurance (LDI) to conduct additional financial and market analysis reviews and publish the reviews on the department's website. Also, the proposed law requires the mutual seeking reorganization to receive approval from LDI before any public advertising and sending any unsolicited written communication to qualified voters of said mutual.

Existing law authorizes the Commissioner to recoup any reasonably necessary expenses to assist in his examination of reorganization plans. LDI collects an annual \$1,000 regulation fee from all insurers to cover the cost of financial analysis. Market analysis costs are billed directly to companies for reimbursement. Also, LDI reports that it is capable of handling any workload resulting from publishing analysis reviews on its website and approving advertising and written communications with its existing budgetary and personnel resources.

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}

Alan M. Boxberger

Alan M. Boxberger
Legislative Fiscal Officer