



LEGISLATIVE FISCAL OFFICE
Fiscal Note

Fiscal Note On: **HB 524** HLS 24RS 703
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 2, 2024 2:45 PM **Author:** WILLARD
Dept./Agy.: Insurance **Analyst:** Patrice Thomas
Subject: Suspends the 10% LA Citizens Property Insurance Surcharge

INSURANCE OR -\$25,041,734 SG RV See Note Page 1 of 1
 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 effective 1/01/2025 sunsets at the end of 12/31/2026.

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.	(\$2,190,166)	(\$4,870,870)	(\$3,096,644)	(\$432,901)	(\$16,962)	(\$10,607,543)
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	(\$2,190,166)	(\$4,870,870)	(\$3,096,644)	(\$432,901)	(\$16,962)	(\$10,607,543)

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.	(\$25,041,734)	(\$50,165,906)	(\$29,072,669)	(\$3,959,014)	(\$1,974,543)	(\$110,213,866)
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	(\$25,041,734)	(\$50,165,906)	(\$29,072,669)	(\$3,959,014)	(\$1,974,543)	(\$110,213,866)

EXPENDITURE EXPLANATION

Proposed law is anticipated to decrease SGR expenditures within LA Citizens Property Insurance Corporation as follows: \$2.2 M in FY 25, \$4.9 M in FY 26, \$3.1 M in FY 27, \$432,901 in FY 28, and \$16,962 in FY 29. The proposed law suspends the 10% premium surcharge assessed by Citizens on policies issued in the state. The expenditure decrease is a result of vendor contracts that are based on written premiums, agent commissions, premium tax liability, and LA Insurance Rating Assessment (LIR) and Fraud Assessment.

REVENUE EXPLANATION

LA Citizens Property Insurance Corporation - Proposed law will result in a SGR net decrease as follows: \$23 M in FY 25, \$48.2 M in FY 26, \$27.1 M in FY 27, \$3.9 M in FY 28, and \$1.9 M in FY 29.

	FY 24-25	FY 25-26	FY 26-27	FY 26-27	FY 26-27	Total
Premiums Decrease (10%)	(\$22,558,707)	(\$46,165,605)	(\$23,606,898)	\$0	\$0	(\$92,331,210)
Investment Income Loss	(\$519,001)	(\$2,036,276)	(\$3,501,746)	(\$3,959,014)	(\$1,974,543)	(\$11,990,580)
Total	(\$23,077,709)	(\$48,201,881)	(\$27,108,644)	(\$3,959,014)	(\$1,974,543)	(\$104,321,790)

For information purposes, Citizens reports average monthly savings per policy holder of \$32, which is based on average annual premiums issued.

Average Annual Premium	\$3,788
Average Monthly Premium	\$316
Average Monthly Savings (10%)	\$32

LA Department of Insurance (LDI) - Proposed law will decrease SGF revenues in FY 25 through FY 27 by an estimated \$2 M as a result of decrease premium tax collected, LA Insurance Rating Assessment (LIR), and Insurance Fraud Assessment under this measure. See table below.

	2023	2022	Average
Approximate Premiums Received	\$619,000,000	\$425,000,000	\$522,000,000
Approximate Premiums Tax Collected (3%)	\$18,570,000	\$12,750,000	\$15,660,000
Less 10% Tax Received	\$1,857,000	\$1,275,000	\$1,566,000
LIR Received from LA Citizens (0.725%)	\$4,487,750	\$3,081,250	\$3,784,500
Less 10% Assessment Received	\$448,775	\$308,125	\$378,450
Insurance Fraud Assessment (0.000375%)	\$232,125	\$159,375	\$195,750
Less 10% Assessment Received	\$23,213	\$15,938	\$19,575
		Average	\$1,964,025

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
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 Legislative Fiscal Officer