

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 180** SLS 13RS 320
 Bill Text Version: **ORIGINAL**
 Opp. Chamb. Action:
 Proposed Amd.:
 Sub. Bill For.:

Date: April 9, 2013 12:17 PM	Author: ERDEY
Dept./Agy.: Louisiana Department of Insurance	Analyst: Alan M. Boxberger
Subject: Relative to the Division of Insurance Fraud	

INSURANCE DEPARTMENT OR INCREASE SG EX See Note Page 1 of 2
 Provides relative to the division of insurance fraud in the Department of Insurance. (8/1/13)

Present law provides for a section of insurance fraud within the Louisiana Department of Insurance (LDI) and provides for certain responsibilities. Proposed law creates a division of insurance fraud and a deputy commissioner of insurance fraud with responsibilities as provided in present law and adds certain powers and duties; provides that if a violation of any criminal law is uncovered that it be turned over to certain agencies for further investigation, enforcement or prosecution; provides for actions in the determination of fraud; creates the division of insurance fraud as a law enforcement agency and confers investigate powers and priveleges including arrest powers related to specific criminal activity and access to criminal records systems; requires the deputy commissioner of insurance fraud and all investigators to be peace officers; permits the deputy commissioner to issue a commission authorizing the carry and use of firearms by POST certified investigators.

EXPENDITURES	2013-14	2014-15	2015-16	2016-17	2017-18	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$70,483	\$28,371	\$29,506	\$30,686	\$31,914	\$190,960
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	\$70,483	\$28,371	\$29,506	\$30,686	\$31,914	\$190,960

REVENUES	2013-14	2014-15	2015-16	2016-17	2017-18	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

Proposed law is anticipated to result in an increase in SGR expenditures by LDI. Proposed law creates a division of insurance fraud and a deputy commissioner with the authority to authorize the carry and use of firearms by POST certified investigators, and permitting them to conduct criminal investigations and arrests. LDI projects first year expenditure of approximately \$70,500, and a second year expenditure of approximately \$28,400 (see below). Proposed law will create no new T.O positions. However, the department previously received Civil Service approval to create an unclassified Director position to administer this unit. Proposed law would change this position's title to Deputy Commissioner of Insurance Fraud. Additionally, Civil Service already reclassified the titles of employees within this workgroup as Compliance Investigators. As such, proposed law provides structural changes, creates the insurance fraud division and an unclassified job title. There will be no adjustments to salary associated with the proposed changes. LDI anticipates approximately two to four of the investigators in this section will be commissioned to carry and use firearms at any given time, with the remaining employees serving as non-POST certified investigators.

There are currently 9 T.O. positions in the insurance fraud investigation section, including one director, one administrative assistant, and seven investigators (2 currently vacant).

Projected Expenditures by LDI

<u>EXPENDITURES</u>	<u>FY 2013/14</u>	<u>FY 2014/15</u>	<u>FY 2015/16</u>	<u>FY 2016/17</u>	<u>FY 2017/18</u>
TRAVEL*	\$22,800	\$23,712	\$24,660	\$25,647	\$26,673
OPERATING SERVICES*	\$ 300	\$ 312	\$ 324	\$ 337	\$ 351
SUPPLIES*	\$ 4,180	\$ 4,347	\$ 4,521	\$ 4,702	\$ 4,890
ACQUISITIONS	\$43,183	\$ 0	\$ 0	\$ 0	\$ 0
TOTAL	\$70,463	\$28,371	\$29,506	\$30,686	\$31,914

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REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

Senate	Dual Referral Rules	House
<input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H}	<input type="checkbox"/> 6.8(F) >= \$500,000 Annual Fiscal Cost {S}	
<input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H}	<input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}	

Evan Brasseaux
 Evan Brasseaux
 Staff Director

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CONTINUED EXPLANATION from page one:
CONTINUED EXPENDITURE EXPLANATION FROM PAGE 1

First year expenditures

	QTY	Cost	Total
<u>Travel</u>			
Field	2	\$ 3,000	\$ 6,000
Training	4	\$ 4,200	\$16,800
<u>Operating Services</u>			
Auto Maintenance	1	\$ 300	\$ 300
<u>Supplies</u>			
Office and other	4	\$ 420	\$ 1,680
Auto	1	\$ 2,500	\$ 2,500
<u>Acquisitions</u>			
Automobile**	1	\$21,000	\$21,000
Radio (Car)	1	\$ 2,350	\$ 2,350
Radio (Portable)	4	\$ 3,100	\$12,400
Weapons and Gear	4	\$ 1,225	\$ 4,900
Sirens/Light Bar/GPS	1	\$ 2,533	\$ 2,533
			\$70,483

Travel consists of travel for investigators and for P.O.S.T. certification training for up to 4 investigators.

Operating services consists of expenditures for auto maintenance.

Supplies consists of fuel, ammunition, badges and office supplies.

Acquisitions consists of the purchase of one police-package vehicle including radio, light bar and other necessary equipment. The department will also purchase portable radios, weapons and necessary gear for individual investigators achieving P.O.S.T. certification to carry and use firearms.

*The travel, operating services and supplies expenditure categories are increased by 4% in each year after the first to account for potential inflation.

**The department currently owns two vehicles, neither of which is appropriate for law enforcement purposes. The investigators primarily utilize rental cars while conducting current job duties.

<u>Senate</u>	<u>Dual Referral Rules</u>	<u>House</u>
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