

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 254** SLS 14RS 124

Bill Text Version: **REENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: April 15, 2014 7:31 AM	Author: MORRISH
Dept./Agy.: Louisiana Department of Insurance	Analyst: Alan M. Boxberger
Subject: Provides relative to travel insurance	

LIABILITY INSURANCE RE -\$13,750 SG RV See Note
Provides relative to travel insurance. (8/1/14)

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Present law provides for limited lines insurance and limited lines producers issuing travel insurance. Proposed law deletes present law. Proposed law defines travel insurance and limited lines travel insurance producers. Proposed law allows issuance of a limited lines travel insurance producer license to an individual or business entity authorizing the sale, solicitation or negotiation of travel insurance through a licensed insurer; provides for requirements for the producer or retailer with regard to records and written insurance offerings along with relevant clauses, exclusions and requirements; requires a producer to designate one of its employees who is a licensed individual producer as the designated responsible producer for the limited lines travel insurance producer's compliance with relevant laws, rules and regulations; provides for training requirements for employees and authorized representatives of retailers; provides for certain prohibitions; allows for travel retailers under certain conditions to receive related compensation for travel insurance services upon registration by the producer; and repeals the existing definition of transportation ticket policies.

EXPENDITURES	2014-15	2015-16	2016-17	2017-18	2018-19	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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2014-15	2015-16	2016-17	2017-18	2018-19	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	(\$13,750)	(\$13,750)	(\$13,750)	(\$13,750)	(\$13,750)	(\$68,750)
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	(\$13,750)	(\$13,750)	(\$13,750)	(\$13,750)	(\$13,750)	(\$68,750)

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. The Louisiana Department of Insurance (LDI) reports the presence of approximately 50 companies that write travel lines of coverage with approximately 600 insurance producers licensed to sell travel lines. The 600 producers currently must renew their travel license every two years. Proposed law would likely result in a dramatic decrease in the number of travel insurance licenses issued, as the 50 companies could acquire a single license each that would provide authority to all of each company's employees to offer travel insurance. This would result in an insignificant workload decrease associated with processing license renewals by LDI and is not anticipated to significantly impact total expenditures.

REVENUE EXPLANATION

Proposed law may result in a loss of SGR revenues for LDI of approximately \$13,750 annually. The Louisiana Department of Insurance (LDI) reports the presence of approximately 50 companies that write travel lines of coverage with approximately 600 insurance producers licensed to sell travel lines. The 600 producers currently must renew their travel license every 2 years at a cost of \$50 each. Proposed law would likely result in a dramatic decrease in the number of travel insurance licenses issued, as the 50 companies could acquire a single license each that would provide authority to all of each company's employees to offer travel insurance. Assuming the number of travel insurance licenses would decline from 600 to 50, the impact on revenues would be approximately \$27,500 in every two-year period (550 x \$50 = \$27,500) or an average of approximately \$13,750 annually.

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|---|----------------------------|--------------|--|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | | | <input type="checkbox"/> 6.8(F)(2) >= \$500,000 State Rev. Reduc. {H & 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
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