

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 69** SLS 14RS 160

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

| | | |
|---|---------|-----------------------------------|
| Date: April 20, 2014 | 2:40 PM | Author: MURRAY |
| Dept./Agy.: Louisiana Department of Insurance | | Analyst: Alan M. Boxberger |
| Subject: Prohibit exclusion from coverage for intentional act of minor | | |

INSURERS

EG INCREASE SG RV See Note

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Prohibits insurers from excluding from coverage the intentional acts of policy holders' minor child. (8/1/14)

Proposed law prohibits a homeowner's policy of insurance from containing any provision that excludes coverages for damages resulting from parents' vicarious liability for the intentional acts of their minor child. Provides that any such provision shall be null and void and unenforceable as contrary to public policy.

| 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. | INCREASE | \$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 |

EXPENDITURE EXPLANATION

There is no anticipated direct material effect on governmental expenditures as a result of this measure. Proposed law may result in an insignificant workload increase at the Louisiana Department of Insurance (LDI) associated with processing policy form endorsements filed by 243 active homeowners insurance companies in the state or some subset thereof. The work is expected to be minimal and not result in a significant direct material effect on governmental expenditures. LDI can absorb the workload utilizing existing staff.

Proposed law has the potential to increase homeowners' insurance premiums to the degree that it may provide an additional avenue for recovery (parents' vicarious liability for the intentional acts of a minor child) not contemplated in existing policies. The rate change is indeterminable.

REVENUE EXPLANATION

Proposed law may result in a minimal increase of revenues for LDI. There are currently 243 active homeowner's insurance companies operating in Louisiana that would be required to file policy form endorsements to make necessary amendments to the language on policy forms. The cost of filing an endorsement is \$25. If all 243 insurance companies filed an endorsement, the department would realize a one-time increase in revenues of approximately \$6,075.

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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

Evan Brasseaux
Staff Director