

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 909** HLS 14RS 1415

Bill Text Version: **ENGROSSED**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> April 28, 2014 9:02 AM	<b>Author:</b> LEOPOLD
<b>Dept./Agy.:</b> Louisiana Department of Insurance	<b>Analyst:</b> Alan M. Boxberger
<b>Subject:</b> Provides for the Property Insurance Clarity Act	

INSURANCE

EG +\$72,000 SG EX See Note

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Provides for the Property Insurance Clarity Act

Proposed law requires that insurance companies writing homeowner's policies annually submit to the Commissioner of Insurance data on their total direct incurred losses, number of policies in force, and direct earned premiums by zip code and parish for the prior calendar year and requires that such data be provided back through calendar year 2004. Proposed law requires that the commissioner aggregate the data and publish yearly totals by zip code and parish on the department's website. Proposed law requires the commissioner to publish on the department's website a general description of the ratemaking methodology insurance companies are allowed to use in establishing homeowner's insurance rates; provides that the commissioner may issue exemptions to companies that do not store the requested information or if meeting the requirements would impose an undue burden; provides for penalties for any company that fails to comply with requirements; provides for report submittal requirements; provides that the commissioner may issue rules and regulations related to proposed law; and provides that data provided by each insurer is confidential and exempt from the Public Records Law.

<b>EXPENDITURES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$72,000	\$0	\$0	\$0	\$0	<b>\$72,000</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$72,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$72,000</b>

<b>REVENUES</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	SEE BELOW	
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						

**EXPENDITURE EXPLANATION**

The Louisiana Department of Insurance (LDI) reports that proposed law will result in a one time expenditure associated with web programming and design to facilitate collection of required data and the reporting thereof on the LDI website. LDI states that it intends to allow industry to submit this information through the existing LDI Industry Access web portal. This will require an IT contract for web program and design to facilitate collection and dissemination of the relevant information.

LDI estimates total one-time expenditures to be approximately \$72,000 SGR. The web portal upgrade will require an estimated 720 hours of professional services programming at \$100 per hour. LDI reports that it will be able to absorb costs associated with proposed law within its existing resources.

**REVENUE EXPLANATION**

Proposed law stipulates that any company that fails to timely comply with the reporting requirements of proposed law shall be fined by the commissioner a total of \$10,000 per month until the date of compliance. The LFO is unable to estimate how many, if any, companies may be charged this penalty or for what duration. To the extent that any companies are fined pursuant to proposed law, the state would realize an increase of SGF revenues of \$10,000 per month per company.

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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} |

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