

offer

(Prepare in triplicate)

FISCAL NOTE

Prepared in regard to:

HB 794

(list bill or resolution and number, if available, or subject)

Amendment to: _____
(list bill or resolution and number)

REQUESTED BY: Serge Garrison DATE OF RECEIPT 1-26 1967

In the following space note the fiscal effect in dollars of the legislative proposal. If additional space is needed attach a supplementary sheet. Please type.

(See supplementary sheets for detailed analysis.)

Anticipated receipts for the licensing year of May 1, 1966, through April 30, 1967, total an estimated \$106,073.00.

Receipts for the fiscal year of July 1, 1965, through June 30, 1966, from agents' licenses totaled \$53,946.00.

Estimated expenditures for the first year of operation amount to \$15,000.00.

Date of preparation: 1-31-67

Signed K. O. Nygaard

By _____

Prior to the conversion of the agents' licensing division to automatic data processing, no records were maintained which would accurately reflect the data necessary for a determination of the fiscal effect of HB 794. Since conversion to automatic data processing, the department does have accurate data in some areas for the period of May 1, 1966, through December 31, 1966; however, the licensing year encompasses the period of May 1, 1966, through April 30, 1967, and there is no way in which to project figures currently available so as to include the four-month period extending from January 1, 1967, to April 30, 1967. The figures used in making this determination are those currently available, so anticipated receipts will undoubtedly be greater than shown below. In addition, agents representing domestic county mutual insurance companies and fraternal benefit societies are presently exempt from licensure (which will no longer be true if HB 794 passes in its present form), and there is no way of estimating the number of such agents in this determination. Finally, cash receipts in the amount of \$53,946.00 were received during the fiscal year of July 1, 1965, through June 30, 1966, for agents' licenses.

A. Receipts¹

1. Registration fees

a. Resident agents (5,309) ²	\$26,545
b. Nonresident agents (1,038) ³	<u>5,190</u>
Total registration fees	\$ 31,735

2. License fees

a. Resident licenses (19,296) ⁴	57,888
b. Nonresident licenses (1,038) ⁵	<u>10,380</u>
Total license fees	\$ 68,268

3. Examination fees	<u>6,070</u> ⁶
Total receipts	<u>\$106,073</u>

B. Expenditures

1. The expenses incurred in initiating this program will necessarily be high in relation to the expenditures required to maintain the program thereafter. Among initial expenses, for which \$15,000.00 has been requested annually for the first biennium, are the following:
 - a. Preparation and assembly of examination questions. It is anticipated that examinations will be conducted in seven lines

of insurance---Fire and Marine, Life, Accident and Health, Automobile, Casualty, Fidelity and Surety Bonds, Farm Windstorm and Hail---in addition to questions pertaining to North Dakota insurance laws. Preliminary assembly and preparation of examination questions will require the services of one qualified person for approximately three months prior to the effective date of the law. Thereafter, one full-time clerical assistant will be needed to administer examinations, correct them, correspond with insurers and applicants relative to examinations, and discharge related functions.

- b. Preparation of study outlines in the areas outlined in (a) above for distribution to insurers and applicants.
- c. Printing of examinations and study outlines, as well as preparation and distribution of procedural guides to licensure for distribution to insurers and applicants.
- d. Postage, stationery, etc.

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1. Covers period of May 1, 1966, through December 31, 1966.
 2. 5,309 resident agents at \$5.00 per agent.
 3. 1,038 nonresident agents at \$5.00 per agent.
 4. 19,296 resident licenses at \$3.00 per license.
 5. 1,038 nonresident licenses at \$10.00 per license. This figure is inaccurate, since each nonresident agent may have more than one license; however, any inaccuracy would require an adjustment to a greater number of licenses and a corresponding increase in receipts if anything.
 6. From May 1, 1966, through December 31, 1966, 841 agents were licensed who had never been previously licensed in North Dakota. Of these, 234 were nonresidents. Nonresidents have been excluded in determining examination fees receipts, because North Dakota will waive the written examination if a written examination is required of applicants for licensure in such other state and the appropriate official certifies that the applicant holds a currently valid license in such other state and either passed such written examination or was the holder of an insurance agent's license prior to the time such written examination was required.