

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: _____ Amendment to: HB 1177

Requested by Legislative Council _____ Date of Request: 2-24-99

- 1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

See attached.

- 2. State fiscal effect in dollar amounts:

	1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
	General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds
Revenues:	N/A		N/A		N/A	
Expenditures:	N/A		N/A		N/A	

- 3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: N/A
- b. For the 1999-2001 biennium: N/A
- c. For the 2001-03 biennium: N/A

- 4. County, City, and School District fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts
	N/A			N/A			N/A	

If additional space is needed, attach a supplemental sheet.

Signed Trent C. Heinemeyer

Typed Name Trent C. Heinemeyer

Department Insurance Department

Date Prepared: 3/1/99

Phone Number 328-2440

Currently, the Insurance Department reviews filings of policy forms and rates on a prior approval basis. While the Department does not charge a fee for each such filing, we do charge a retaliatory fee for any filing submitted by an insurance company domiciled in a state which does charge a fee for these types of filings. The Department has no control over the volume of such filings, and the resultant fee revenue, both of which fluctuate from year to year, as much as 22 percent. For your reference, the property and casualty filings received in 1998 totaled 4,572 and the retaliatory fees received for 1998 were \$151,115.

House Bill No. 1177 allows insurance companies to issue insurance policies to certain qualified exempt commercial risks without first having to file the policy form and rate for prior approval with the Insurance Commissioner. Any reduction in the number of such filings resulting from this bill could result in a reduction in revenues.

It is not possible to predict with any degree of certainty the number of commercial risks that will elect to request an exemption pursuant to this bill. Nor is it possible to predict the number of insurance companies that will elect to issue policies to these qualified exempt commercial risks, and avoid the need to file their policy forms and rates with the Insurance Commissioner for prior approval. Also, for those companies that will avoid the need to file their policy forms and rates pursuant to this bill, it is not possible to predict their state of domicile which determines the amount of retaliatory fee charged by the Department. Each of these factors are determinants in any fiscal impact this bill would have on the state. Due to the unpredictability of these factors, an attempt to determine the fiscal impact would be based on pure speculation and guesswork and would not be appropriate.

It is not anticipated that any change in the number of filings submitted to the Insurance Department would impact the staffing needs of the Department, as the volume of filings received by the Department has historically fluctuated, and the Department has absorbed these fluctuations internally with existing resources.