

Individual State Agency Fiscal Note

Bill Number: 1811 HB	Title: Insurance/credit exceptions	Agency: 160-Office of Insurance Commissioner
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Part I: Estimates

No Fiscal Impact

Estimated Cash Receipts to:

NONE

Estimated Operating Expenditures from:

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.0	0.1	0.5	0.1	0.1
Account					
Insurance Commissioners Regulatory Account-State 138-1	159,446	11,510	170,956	23,020	23,020
Total \$	159,446	11,510	170,956	23,020	23,020

Estimated Capital Budget Impact:

NONE

The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

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Part II: Narrative Explanation

II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

Significant provisions of the bill and any related workload or policy assumptions that have revenue or expenditure impact on the responding agency by section number.

Section 1(7)(a) and 2(5)(a) require an insurer that uses credit information, upon written request from an applicant for insurance coverage or an insured, to provide reasonable exceptions to the insurer's rates, rating classifications, company or tier placement or underwriting rules or guidelines for a consumer who has experienced and whose credit information has been directly influenced by extraordinary life circumstances.

Sections 1(7)(d) and 2(5)(d) requires insurers to provide notice to consumers that reasonable exceptions are available and information about how the consumer may inquire further.

Section 1(8) and 2(6) authorize the Office of Insurance Commissioner to adopt rules.

II. B - Cash receipts Impact

Cash receipts impact of the legislation on the responding agency with the cash receipts provisions identified by section number and when appropriate, the detail of the revenue sources. Description of the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explanation of how workload assumptions translate into estimates. Distinguished between one time and ongoing functions.

II. C - Expenditures

Agency expenditures necessary to implement this legislation (or savings resulting from this legislation), with the provisions of the legislation that result in the expenditures (or savings) identified by section number. Description of the factual basis of the assumptions and the method by which the expenditure impact is derived. Explanation of how workload assumptions translate into cost estimates. Distinguished between one time and ongoing functions.

Section 1(7)(a) and 2(5)(a) require an insurer that uses credit information, upon written request from an applicant for insurance coverage or an insured, to provide reasonable exceptions to the insurer's rates, rating classifications, company or tier placement or underwriting rules or guidelines for a consumer who has experienced and whose credit information has been directly influenced by extraordinary life circumstances.

Sections 1(7)(d) and 2(5)(d) requires insurers to provide notice to consumers that reasonable exceptions are available and information about how the consumer may inquire further. The OIC expects that this notice will necessitate some type of form filing, such as a standardized consumer notice so that one notice could be used across all affected lines of an insurer's business. The OIC assumes a one-time filing influx by 420 companies that will require 15 minutes each to review requiring a total of 105 hours (420 insurers x 15 minutes) of a Functional Program Analyst 3 in FY2024. OIC additionally anticipates three additional enforcement cases a year to address whether the notice was provided to the consumer. Enforcement cases require an average of 40 hours per case requiring 120 hours (3 cases x 40 hours) of an Insurance Enforcement Specialist each year beginning in FY2024.

Section 1(8) and 2(6) authorize the OIC to adopt rules. Since the rulemaking would provide regulations around certain discretions allowed of the insurance company and undefined terms such as "reasonable exceptions", 'complex' rulemaking will be required in FY2024. OIC assumes that it would hold a series of stakeholder meetings, solicit feedback on multiple stakeholder rule drafts, and define a number of terms from the bill language into administrative code.

Ongoing Costs:

Salary, benefits and associated costs for .07 FTE Insurance Enforcement Specialist.

Part III: Expenditure Detail

III. A - Operating Budget Expenditures

Account	Account Title	Type	FY 2024	FY 2025	2023-25	2025-27	2027-29
138-1	Insurance Commissioners Regulatory Account	State	159,446	11,510	170,956	23,020	23,020
Total \$			159,446	11,510	170,956	23,020	23,020

III. B - Expenditures by Object Or Purpose

	FY 2024	FY 2025	2023-25	2025-27	2027-29
FTE Staff Years	1.0	0.1	0.5	0.1	0.1
A-Salaries and Wages	96,611	6,966	103,577	13,932	13,932
B-Employee Benefits	30,946	2,242	33,188	4,484	4,484
C-Professional Service Contracts					
E-Goods and Other Services	31,889	2,302	34,191	4,604	4,604
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
Total \$	159,446	11,510	170,956	23,020	23,020

III. C - Operating FTE Detail: *List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA*

Job Classification	Salary	FY 2024	FY 2025	2023-25	2025-27	2027-29
Functional Program Analyst 3	73,260	0.1		0.0		
Functional Program Analyst 4	80,952	0.2		0.1		
Insurance Enforcement Specialist	99,516	0.1	0.1	0.1	0.1	0.1
Senior Policy Analyst	108,432	0.7		0.3		
Total FTEs		1.0	0.1	0.5	0.1	0.1

III. D - Expenditures By Program (optional)

NONE

Part IV: Capital Budget Impact

IV. A - Capital Budget Expenditures

NONE

IV. B - Expenditures by Object Or Purpose

NONE

IV. C - Capital Budget Breakout

Acquisition and construction costs not reflected elsewhere on the fiscal note and description of potential financing methods.

NONE

IV. D - Capital FTE Detail: *FTEs listed by classification and corresponding annual compensation. Totals agree with total FTEs in Part IVB.*

NONE

Part V: New Rule Making Required

Provisions of the bill that require the agency to adopt new administrative rules or repeal/revise existing rules.

Section 1(8) and 2(6) authorize the Office of Insurance Commissioner (OIC) to adopt rules. Since the rulemaking would provide regulations around certain discretions allowed of the insurance company and undefined terms such as “reasonable exceptions”, ‘complex’ rulemaking will be required in FY2024. OIC assumes that it would hold a series of stakeholder meetings, solicit feedback on multiple stakeholder rule drafts, and define a number of terms from the bill language into administrative code.