

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0360-01  
Bill No.: HB 99  
Subject: Insurance - General; Credit and Bankruptcy  
Type: Original  
Date: January 7, 2009

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Bill Summary: Modifies the requirements regarding the use of credit information when underwriting insurance contracts and prohibits insurers from taking adverse actions based on credit reports or scores.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
Insurance Dedicated	\$0 to \$43,550	\$0	\$0
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0 to \$43,550</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
FUND AFFECTED	FY 2010	FY 2011	FY 2012
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** state insurance companies who use credit information to underwrite or rate would be required to re-file their credit scoring models. There are approximately 871 insurance companies that may be required to re-file their credit scoring models. Filings would be accompanied by a \$50 filing fee. The DIFP estimates one-time revenues to the Insurance Dedicated Fund of \$0 to \$43,550 (871 insurers X \$50 filing fee).

**The proposal may result in an increase in total state revenue.**

<u>FISCAL IMPACT - State Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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### **INSURANCE DEDICATED FUND**

#### Income - DIFP

Form filing fees	\$0 to \$43,550	\$0	\$0
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### **ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND**

<u><b>\$0 to \$43,550</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2010 (10 Mo.)	FY 2011	FY 2012
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<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>	<u><b>\$0</b></u>
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### FISCAL IMPACT - Small Business

This proposal may impact small businesses if professional liability and malpractice liability insurance rates change as a result of insurers no longer being able to rate a person based on his/her credit report.

### FISCAL DESCRIPTION

This proposal changes the laws regarding the use of credit information when underwriting insurance contracts and prohibits insurers from taking adverse actions based on credit reports or scores.

HW-C:LR:OD

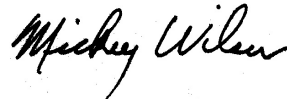
FISCAL DESCRIPTION (continued)

The provisions of the proposal apply to contracts entered into or renewed on or after July 1, 2010.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
January 7, 2009