

OFFICE OF FISCAL ANALYSIS

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sHB-5209

AN ACT CONCERNING LONG-TERM CARE INSURANCE
PREMIUM RATE INCREASES.

AMENDMENT

LCO No.: 5352

File Copy No.: 61

House Calendar No.: 75

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 19 \$	FY 20 \$
Resources of the General Fund	SF - Revenue Gain	0	10.2 million
Insurance Dept.	SF - Cost	See Below	approx. 125,000

Note: SF=Special Fund (Non-appropriated)

Municipal Impact: None

Explanation

The amendment strikes the underlying bill and its associated fiscal impact.

Sec. 1 of the amendment establishes a \$12 surcharge on the named insured of each personal risk insurance policy on owned one-to-four unit dwellings or condominiums from January 1, 2019 to December 31, 2029. The surcharges collected on calendar year 2019 policies are anticipated to provide an approximately \$10.2 million revenue gain in FY 20 and until FY 30, based on the assumption of one \$12 surcharge per applicable policy in the state.¹ This amount, less administrative

¹ The estimate of applicable policies comes from the National Association of Insurance Commissioners (2017 report) which provides the number of policies per house-year, where house-year represents policy coverage on a dwelling for 12 months. To the extent that additional surcharges are collected because policies are

costs, will be deposited into the Healthy Homes Fund, a separate, nonlapsing account of the General Fund established by the amendment.

Admitted and nonadmitted insurers must remit all surcharges and supporting documentation to the Insurance Commissioner by April 30th annually. It is anticipated that DOI will need to hire an administrative officer by January 1, 2019, which is expected to result in a cost of \$62,500 in FY 19 and \$125,000 annually thereafter. The amendment allows for these costs to be paid out of the Healthy Homes Fund; however it is not clear how the cost in FY 19 will be covered since such funds will not be available until FY 20.

It is anticipated that approximately \$8.7 million will be transferred annually, beginning in FY 20 and until FY 30, from the Healthy Homes Fund to the Crumbling Foundations Assistance Fund according to the 85 percent rule in the amendment.

Sec. 2 requires the Department of Housing (DOH) to expend moneys in the Healthy Homes Fund on specific programs, presumably after the transfer of 85 percent to the Crumbling Foundations Assistance Fund, and does not result in a direct cost to DOH. DOH will act as a pass-through to the Department of Economic and Community Development (DECD) for one program that DECD currently conducts. To the extent that the programs require administrative expenses, it is anticipated that the agencies will contract with vendors and allow said vendors to utilize program funds to cover such administrative costs.²³

amended more frequently or owners switch between policies, the total amount collected could be higher.

² DOH has a partnership with Connecticut Children's Medical Center (CCMC) to conduct Connecticut Children's Healthy Homes program, a similar initiative for lead abatement in 15 municipalities and has a \$20 million bond authorization under current law for this purpose. To expand to other hazards and all municipalities, DOH will likely require an additional vendor.

³ Through DECD, the State Bond Commission previously allocated \$3 million for the program for homeowners in New Haven and Woodbridge as described in Sec. 2(a)(1)

It is anticipated that funds to the DECD program for grants-in-aid to homeowners in New Haven and Woodbridge described in **Sec. 2 (a)(1)** will total \$1 million annually from FY 20 to FY 30. The remainder, approximately \$530,000 annually from FY 20 to FY 30, will be used to fund the DOH program to reduce health and safety hazards in residential dwellings described in **Sec. 2 (a)(2)** of the amendment.

Sec. 2 (b), which requires the Department of Public Health to transmit information provided by DOH to municipal health department directors, does not result in a fiscal impact as it is anticipated that the agency will do so electronically.

Lastly, **Sec. 2 (c)** requires DOH to report to the Housing, Planning and Development and Appropriations committees as provided in the amendment and does not result in a fiscal impact. DOH can provide this report electronically with existing staff.

The preceding Fiscal Impact statement is prepared for the benefit of the members of the General Assembly, solely for the purposes of information, summarization and explanation and does not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

and another \$3 million is authorized. It is anticipated that the non-profit, Capital for Change, which currently acts as the administrator of these bond funds for New Haven, would administer the additional funding as well.