

OFFICE OF FISCAL ANALYSIS

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sHB-5411

AN ACT CONCERNING TRAVEL INSURANCE.

OFA Fiscal Note

State Impact:

Agency Affected	Fund-Effect	FY 23 \$	FY 24 \$
Insurance Dept.	GF - Revenue Gain	Approx. 108,000	Approx. 108,000
Insurance Dept.; Department of Revenue Services	GF - Potential Revenue Gain	See Below	See Below

Note: GF=General Fund

Municipal Impact: None

Explanation

The bill modifies existing law governing travel insurance and results in a revenue gain of approximately \$216,000 to the General Fund over two fiscal years. The bill changes the frequency of license renewals for limited lines travel insurance producers from every two years to every year, without changing the \$650 license renewal fee (or "authorization fee" under the bill). There are 334 limited lines travel insurance producers currently licensed by the Insurance Department.

To the extent the adoption of provisions from the National Conference of Insurance Legislators Travel Insurance Model Act makes the state a more favorable place to write and sell travel insurance, there is a potential revenue gain from new license fees for insurers (\$220) and limited lines travel insurance producers (\$750), as well as from the state's 1.5% premium tax on any additional direct written premiums.

The bill is not anticipated to change collection of the state's 1.5%

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premium tax on existing travel insurance premiums because the bill codifies current practice regarding allocation between jurisdictions. The bill also requires the Insurance Department to adopt implementing regulations, which has no fiscal impact.

The Out Years

The annualized ongoing fiscal impact identified above would continue into the future subject to the number of limited lines travel insurance producers that renew authorizations, the number of any additional travel insurance companies or limited lines producers authorized, and the amount of any additional travel insurance premiums written.