

1084

FISCAL NOTE (Form 1)
(Office of Fiscal Analysis)
Analyst: TN 4/20/92
tc
Version: 1

BILL NUMBER: SHB 5189
FILE NUMBER:
AMENDMENTS: House "A"

TITLE: "AN ACT CONCERNING FINANCIAL INSURANCE REGULATION STANDARDS"

FAVORABLY REPORTED BY Insurance and Real Estate, Judiciary

EFFECTIVE DATE: 10/1/92 and
Other Various Dates

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FISCAL IMPACT STATEMENT - BILL NUMBER SHB 5189

STATE IMPACT	Minimal Cost, Potential Future Cost, Revenue Gain, see explanation below (Special Fund)
MUNICIPAL IMPACT	None
STATE AGENCY(S)	Department of Insurance

EXPLANATION OF ESTIMATES:

It is anticipated that there may be an increase in examination responsibility for the Department of Insurance as a result of the passage of this bill as amended. The development of a program of periodic review to strengthen financial surveillance may result in a need for additional Department staff, even though the authority to examine different types of insurance arrangements such as reinsurance brokers and managers, also gives the Insurance Commissioner authority to hire outside attorneys, actuaries and accountants to complete examinations and charge the costs to the companies subject to examination.

There will be an increased responsibility for the Department of Insurance to adopt regulations in a number of areas such as the development of periodic financial review procedures and the use of financial reinsurance agreements by life insurance companies.

The bill as amended also adds new reporting requirements for producer-controlled insurers, companies under the insurance company holding system and reinsurance brokers and managers. The Department of Insurance must receive and review these reports which should require additional time on the part of staff members.

It is anticipated that the responsibility of adopting regulations and reviewing additional reports can be handled within normal budgetary resources of the Department of Insurance. For the current fiscal year, 1991-92, 20 positions were appropriated to the

Department to provide resources and to comply with NAIC (National Association of Insurance Commissioners) requirements.

The Department of Insurance is a Special Fund (The Insurance Fund) agency that charges fees and assesses the companies it regulates for its funding. Any increase in expenses for the Department will be offset by additional revenue.

There will be some revenue gain to the Insurance Fund with the licensing of reinsurance managers and brokers. It cannot be determined how many of these individuals will be licensed.

House "A" is technical in nature and has no fiscal impact.

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