

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7782

BILL NUMBER: HB 1674

DATE PREPARED: Apr 18, 2001

BILL AMENDED: Feb 8, 2001

SUBJECT: Licensing of Insurance Producers.

FISCAL ANALYST: Jim Landers

PHONE NUMBER: 232-9869

FUNDS AFFECTED: X

**GENERAL
DEDICATED
FEDERAL**

IMPACT: State

Summary of Legislation: This bill repeals the current insurance agent licensure statute. The bill adds chapters concerning: (1) insurance producer licensing; (2) insurance producer license renewal; and (3) surplus lines producers. It specifies qualifications and procedures required for licensure of resident and nonresident insurance producers, including reciprocity requirements. This bill also provides for temporary insurance producer licensure. The bill also specifies circumstances in which the Commissioner of the Indiana Department of Insurance may suspend, revoke, or refuse to issue or renew a license, including procedural requirements. It also provides for insurer termination of a business relationship with a producer.

The bill specifies requirements regarding notification to the Commissioner of a termination, including immunity and confidentiality provisions. It contains provisions concerning licensure of insurance consultants, solicitors, fraternal benefit society representatives, and limited lines producers. It specifies actions of the Commissioner with regard to a court order concerning child support obligations of a licensee. The bill also provides for fee payment, and pre-licensing and continuing education requirements. It also establishes an insurance Producer Education and Continuing Education Advisory Council. It specifies requirements for maintaining a surplus lines producer's license. The bill makes conforming amendments.

Effective Date: January 1, 2002.

Explanation of State Expenditures: This bill repeals and replaces the current insurance agent licensure statute. There will be no additional expenditures to the Department of Insurance for this change.

Explanation of State Revenues: (Revised) *Continuing Education Fees:* The bill increases the fee for the approval of a continuing education course from \$10 every year to \$40 every two years. Providers can currently pay a fee of \$250 per year to have an unlimited number of courses approved. This fee is increased to \$500 in the proposal. There are currently about 310 providers with 2,500 to 3,000 courses approved each year. The current fee generates around \$30,000. The increase in the fee could generate an additional \$30,000. However, the bill also provides for a waiver of the fee. The impact will depend on the use of the

waiver as well as how many providers opt to pay the \$500 fee for unlimited course approval. Fees are deposited in the State General Fund.

Insurance Producer Licensing: The bill specifies that insurance producer and limited lines producer license renewal fees are due every 4 years. The bill establishes a resident fee of \$40 and a nonresident fee of \$90. Under current law, resident and nonresident agents must renew biennially. The fees are established by rule of the Department of Insurance. The current resident fee is \$20 and the nonresident fee is the greater of the agent's home state fee or \$20. The resident and nonresident fees coupled with the renewal schedule established by the bill are expected to be revenue neutral.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources: Liz Carroll, Deputy Director, Department of Insurance, (317) 232-2406.