

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

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7084

BILL NUMBER: HB 1191

DATE PREPARED: Jan 28, 2002

BILL AMENDED: Jan 28, 2002

SUBJECT: Insurance Activities of Depository Institutions.

FISCAL ANALYST: Michael Molnar

PHONE NUMBER: 232-9559

**FUNDS AFFECTED: GENERAL
 DEDICATED
 FEDERAL**

IMPACT: State

Summary of Legislation: This bill imposes certain requirements on depository institutions that sell, solicit, advertise, or offer insurance. The bill makes a violation of the requirements an unfair and deceptive act and practice in the business of insurance.

Effective Date: July 1, 2002.

Explanation of State Expenditures: This bill sets forth terms and conditions for financial institutions regarding insurance. The Commissioner of the Department of Insurance may investigate the insurance activities of persons associated with depository institutions. This would not increase the workload significantly and is a current responsibility of the Department of Insurance for insurance producers.

Explanation of State Revenues: Violation of the conditions established in this bill is an unfair and deceptive act or practice in the business of insurance. Violation of these requirements may result in the levying of civil penalties under IC 27-4-1-4. Civil penalties will be deposited in the state General Fund.

The civil penalties set forth are: \$25,000 for each act or violation, or \$50,000 for each act or violation if the person knew or reasonably should have known that he/she was in violation of this chapter. The remediation efforts undertaken by the person will be used in determining the amount of the civil penalty. In addition, if the person knew or reasonably should have known that he/she was in violation of this chapter, the Commissioner may suspend the person's license or certificate of authority. In 2000 and 2001, there were nine instances of unfair and deceptive acts or practices in the business of insurance.

The total fiscal impact of this bill is not known and is dependent upon the number of unfair and deceptive acts or practices in the business of insurance that occur.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected:

Local Agencies Affected:

Information Sources: Greg Thomas, Chief Deputy Commissioner, Department of Insurance, (317) 232-2406.