

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7478

BILL NUMBER: HB 1219

NOTE PREPARED: Jan 27, 2005

BILL AMENDED: Jan 13, 2005

SUBJECT: Military Motor Vehicle Insurance Rating.

FIRST AUTHOR: Rep. Koch

FIRST SPONSOR:

BILL STATUS: 2nd Reading - 1st House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill prohibits an insurer from setting the premium rate for a motor vehicle insurance policy for a member of the armed forces at an amount higher than an amount charged for an individual who is not in the armed forces.

Effective Date: July 1, 2005.

Explanation of State Expenditures: Individuals suspected of violating the prohibition on unfair and deceptive acts or practices in the business of insurance may be subject to a hearing by the Commissioner of Insurance. Adding a prohibition may increase the number of violations for which a hearing may ensue. However, the Department of Insurance should be able to handle any additional expenses given its current budget and resources.

Explanation of State Revenues: As a result of the hearing, violators may be ordered to cease and desist from the unfair or deceptive act or practice, and the Commissioner may order the payment of a civil penalty of not more than \$25,000 for each act or violation. If the person knew or reasonably should have known that he or she was in violation, the penalty may be not more than \$50,000 for each act or violation. All civil penalties imposed and collected are deposited in the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

Information Sources:

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