

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6937**

**BILL NUMBER:** HB 1226

**NOTE PREPARED:** Jan 5, 2012

**BILL AMENDED:**

**SUBJECT:** Insurance Matters.

**FIRST AUTHOR:** Rep. Lehman

**FIRST SPONSOR:**

**BILL STATUS:** As Introduced

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill makes various changes to the insurance law, including the law concerning:

- (1) derivatives transactions;
- (2) life insurance company filing requirements;
- (3) insurance producer education;
- (4) insurance company publications;
- (5) insurer response to Department of Insurance (DOI) requests;
- (6) notice of individual health insurance market withdrawal;
- (7) confidentiality of certain insurer filings;
- (8) insurance holding company regulation;
- (9) health maintenance organization risk based capital requirements;
- (10) material transaction reports;
- (11) title insurer disclosures and filings;
- (12) external review of health coverage determinations; and
- (13) bail and recovery agent licensing.

The bill provides for deposit of new civil penalties in the Department of Insurance Fund. It repeals a provision requiring filing and publication of certain financial information of alien and foreign companies. The bill also removes obsolete provisions and makes conforming amendments.

**Effective Date:** July 1, 2012.

**Explanation of State Expenditures:** The provisions of this bill establish reporting, notification, and filing requirements for insurance companies that do business within the state of Indiana. The Department of Insurance (DOI) reports the provisions of the bill are expected to increase the workload of the DOI, but the increases in workload can be absorbed with current staff and resource levels.

**Explanation of State Revenues:** The bill creates the following civil penalties and fees:

- (1) a \$25 continuing education requirement extension fee,
- (2) a \$100 civil penalty for failure to respond to a request by the DOI within 20 business days (assessed per day of noncompliance),
- (3) a \$100 civil penalty for failure to file a registered statement or enterprise risk filing (assessed per day of noncompliance),
- (4) a \$5,000 civil penalty for failure to file a material transaction or transaction involving a domestic insurer, and
- (5) a \$1,000 civil penalty for each day an insurer does not produce certain information requested by the DOI.

These fees and penalties are to be deposited in the DOI Fund. This bill is expected to increase revenue to the DOI Fund. Total increases in revenue are indeterminable.

*Additional Information:* The DOI estimates approximately 150-180 individuals annually request an extension on meeting their licensing continuing education requirement. This bill may decrease the number of individuals who file extension requests with the DOI. The addition of the \$25 extension fee to current law is expected to generate approximately \$3,750 to \$4,500 annually for the DOI Fund.

Additionally, the DOI estimates between 10-12 individuals annually violate a provision of IC 27-1-23-4 that, under the bill, would be subject to a \$5,000 civil penalty. This provision is expected to increase revenue for the DOI Fund from civil penalties between \$50,000 and \$60,000 per year.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** DOI.

**Local Agencies Affected:**

**Information Sources:** Logan Harrison, DOI.

**Fiscal Analyst:** Bill Brumbach, 232-9559.