

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

**LS 6937**

**BILL NUMBER:** HB 1226

**NOTE PREPARED:** Jan 26, 2012

**BILL AMENDED:** Jan 23, 2012

**SUBJECT:** Insurance Matters.

**FIRST AUTHOR:** Rep. Lehman

**FIRST SPONSOR:**

**BILL STATUS:** 2<sup>nd</sup> Reading - 1<sup>st</sup> House

**FUNDS AFFECTED:**  **GENERAL**  
 **DEDICATED**  
**FEDERAL**

**IMPACT:** State

**Summary of Legislation:** (Amended) 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. The bill also removes obsolete provisions and makes conforming amendments.

**Effective Date:** (Amended) July 1, 2012; January 1, 2013.

**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.

*(Revised) Bail Agent License Fee:* Additionally, the bill reduces the bail agent licensure fee from \$650 to \$600. These licenses are required to be renewed in odd-numbered years, and the renewal fee is paid biannually. Revenue collected from renewal fees is deposited in the Bail Bond Enforcement and Administration Fund. The DOI reports 345 individuals received new and reissued bail agent licenses in FY 2010. For FY 2011, there were 11 individuals that requested new bail agent licensure. These applications would have been subject to the \$650 fee and generated \$224,250 in revenue for FY 2010 and \$7,150 in FY 2011. Under the changes in the bill, and assuming all individuals who requested new or reissued bail agent licenses in FY 2010 and FY 2011 renew their licenses during FY 2013 and FY 2014, the Bail Bond Enforcement and Administration Fund is expected to see a reduction of \$17,250 in revenue for FY 2013 and \$550 in revenue for FY 2014.

*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.