

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6468

BILL NUMBER: SB 148

NOTE PREPARED: Jan 23, 2012

BILL AMENDED: Jan 17, 2012

SUBJECT: Portable Electronics Insurance.

FIRST AUTHOR: Sen. Holdman

FIRST SPONSOR: Rep. Heaton

BILL STATUS: As Passed Senate

FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill specifies requirements related to insurance covering portable electronic devices, including limited lines producer licensing for vendors of the devices to sell, solicit, or negotiate the insurance.

Effective Date: July 1, 2012.

Explanation of State Expenditures: This bill is expected to increase the workload of the Department of Insurance (DOI) to issue limited lines producer licensing and provide oversight for companies that offer electronic device insurance. The DOI reports regulation of companies that offer portable electronic device insurance can be absorbed under current staffing and resource levels.

Explanation of State Revenues: *Licensing:* The DOI reports the bill will increase the number of companies who are limited lines producer licensed insurance dealers in the state. As a result, revenue from limited lines producer licensing fees is expected to increase. The current fees for limited lines producer licenses are paid biannually and are \$40 for resident licenses and \$90 for nonresident licenses. The increase in revenue from licensing fees is unknown but expected to be small. Revenue collected from limited lines producer licensing fees are deposited in the DOI Fund.

Civil Penalties: The bill establishes civil penalties for companies who violate provisions of the bill governing the sale of electronic device insurance. Civil penalties are to range between \$50 and \$10,000. The bill is silent on whether these civil penalties are assessed per case or per violation.

Revenue collected from civil penalties is expected to be deposited in either the DOI Fund or the Common School Fund, depending on who is found in violation of the bill's requirements. The DOI reports that if an insurance agent receives a civil penalty, the revenue is deposited in the DOI Fund. Additionally, if a company that sells portable electronic device insurance is found to be in noncompliance, revenue from civil penalties is deposited in the Common School Fund. Actual increases in revenue to these funds is indeterminable.

Insurance Premium Tax: This bill may result in the sale of new insurance plans to cover electronic devices. To the extent this occurs, the state will receive additional revenue from taxes paid on insurance premiums. Revenue received from the insurance premium tax is distributed to the General Fund. Actual increases in state revenue from insurance premiums are indeterminable.

For FY 2011, the insurance premium tax collected approximately \$186 M.

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.