

Fiscal Estimate Narratives
OCI 9/27/2007

LRB Number 07-2104/4	Introduction Number AB-0501	Estimate Type Original
Description Insurance agent license requirements, revocations, and reinstatement and relicensing requirements, and granting rule-making authority		

Assumptions Used in Arriving at Fiscal Estimate

AB 501 eliminates three fees collected by the agency. Based on FY 2007 data, the elimination of the fees for duplicate licenses, letters of clearance, and letters of certification will result in a reduction of \$16,260 of revenue per year.

AB 501 also makes changes to the license suspension and revocation process for agents who become delinquent in completing required continuing education or paying statutory fees. As a result of these changes agents will have an extended (12 months) opportunity to correct the deficiencies and avoid repeating prelicensing education requirements in current law. As a result, reinstatement fees that would have been paid to OCI's vendor as a part of the prelicensing testing will now be remitted directly to OCI as a part of the reinstatement application. The expected number of agents affected is estimated to be on average 25 agents per month. The expected revenue reinstatement applications at a single line of insurance application fee of \$50.00 would result in an increase in revenues of \$15,000 annually. It is possible that some of the agents applying for reinstatement may have more than one line of authority, in which case, the amount of increased revenue would be higher. It is not possible to estimate the number of these multi-line agents however.

FY 2007 Data:

Letters of Certification \$(12,730)
Letters of Clearance \$ (2,300)
Duplicate Licenses \$ (1,260)
Increase reinstatement fees \$ 15,000
Net change in revenues \$(1,260)

The bill does not require agents to be fingerprinted, but merely gives the Commissioner the authority to promulgate a rule related to fingerprinting at some future time if the Commissioner determines that fingerprinting of agents has become necessary to ensure statutory compliance and adequate consumer protection. Therefore, there will be no fiscal effect resulting from this provision.

Likewise, changes made to license suspension, revocation and reinstatement statutes will not result in any increased fiscal effect because they make changes to existing statutory processes.

Long-Range Fiscal Implications

Fiscal Estimate Worksheet - 2007 Session

Detailed Estimate of Annual Fiscal Effect

Original
 Updated
 Corrected
 Supplemental

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Description Insurance agent license requirements, revocations, and reinstatement and relicensing requirements, and granting rule-making authority			
I. One-time Costs or Revenue Impacts for State and/or Local Government (do not include in annualized fiscal effect): None			
II. Annualized Costs:		Annualized Fiscal Impact on funds from:	
		Increased Costs	Decreased Costs
A. State Costs by Category			
	State Operations - Salaries and Fringes	\$	\$
	(FTE Position Changes)		
	State Operations - Other Costs		
	Local Assistance		
	Aids to Individuals or Organizations		
	TOTAL State Costs by Category	\$	\$
B. State Costs by Source of Funds			
	GPR		
	FED		
	PRO/PRS		
	SEG/SEG-S		
III. State Revenues - Complete this only when proposal will increase or decrease state revenues (e.g., tax increase, decrease in license fee, ets.)			
		Increased Rev	Decreased Rev
	GPR Taxes	\$	\$
	GPR Earned		
	FED		
	PRO/PRS (20.145)	15,000	-16,290
	SEG/SEG-S		
	TOTAL State Revenues	\$15,000	\$-16,290
NET ANNUALIZED FISCAL IMPACT			
		State	Local
	NET CHANGE IN COSTS	\$	\$
	NET CHANGE IN REVENUE	\$-1,290	\$
Agency/Prepared By		Authorized Signature	
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		Date	
		9/27/2007	