

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 7086

BILL NUMBER: HB 1240

DATE PREPARED: Jan 7, 2000

BILL AMENDED:

SUBJECT: Insurance Agent Licensure.

FISCAL ANALYST: Alan Gossard

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FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that a license issued to an insurance agent, a limited insurance representative, a surplus lines insurance agent, or a consultant must be renewed every 48 months (instead of every 24 months). The bill also removes the requirement for an affidavit from an agent who requests a duplicate license due to loss, theft, or destruction of a license. The bill also makes conforming amendments.

Effective Date: July 1, 2000.

Explanation of State Expenditures: This bill increases the license renewal period for insurance agents from 24 months to 48 months. There could be some initial cost for reprogramming of the agent licensing system. However, there would also be an ongoing reduction in the cost of sending out renewal notices to agents. The estimated reduction in renewal notification expenditures is \$8,750 per year.

Background: The Department of Insurance reports that any one-time all-agent mailing costs about \$35,000. A reduction in the cost of mailing renewal notices to each agent from \$35,000 every two-year renewal cycle (average of \$17,500 per year) to \$35,000 every four-year renewal cycle (\$8,750 per year) results in a savings of \$8,750 per year.

Explanation of State Revenues: Fee revenue for license renewals averaged about \$962,000 per year for FY98 and FY99 (\$1,034,003 for FY98 and \$890,137 for FY99). If annual fee rates are not changed, fee collections would not be affected because of extending the license renewal cycle. However, the bill also provides for the adoption of rules to establish a license renewal fee. The impact on fee revenues will depend upon administrative action in the establishment of a renewal fee. Agent licensing fees are deposited into the state General Fund.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance

Local Agencies Affected:

Information Sources: Liz Carroll, Department of Insurance, (317) 232-2406.