

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 7269

BILL NUMBER: HB 1407

NOTE PREPARED: Apr 10, 2003

BILL AMENDED: Apr 9, 2003

SUBJECT: Insurance "agent" to "producer" Corrections Bill.

FIRST AUTHOR: Rep. Ripley

FIRST SPONSOR: Sen. Paul

BILL STATUS: 2nd Reading - 2nd House

FUNDS AFFECTED: **GENERAL**
 DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: (Amended) This bill replaces references to insurance agents and limited insurance representatives with insurance producer. The bill provides that in certain circumstances a life insurance company may issue or issue for delivery in Indiana funding agreements. The bill also allows the insurance commissioner to waive requirements related to accident and sickness insurer and health maintenance organization processing of paper claims under certain circumstances.

Effective Date: (Amended) Upon passage; July 1, 2003.

Explanation of State Expenditures: (Revised) This bill contains three provisions: (1) it makes changes to current statute regarding the use of the term "insurance producer; (2) allows the Department of Insurance to promulgate rules and conditions for the issuance of funding agreements; and (3) allows the Department to issue a waiver of filing requirements to an insurer that experiences a qualifying increase in volume of claims filed on paper.

(1) *Insurance Producer Terminology Change:* This provision is technical and does not have a fiscal impact.

(2) *Funding Agreements:* The bill allows the Commissioner of the Department of Insurance to establish rules or conditions regarding matters related to life insurance funding agreements provided for in the bill. The bill also gives the Department authority to regulate and review the agreements. It is presumed that any additional administrative costs incurred by the Department as a result of this bill could be covered using existing staff and resources. It is anticipated that one company that currently does business in Indiana would offer funding agreements to investors.

(3) *Waiver of Filing Requirements:* This provision allows the Commissioner to waive state filing time lines under certain circumstances. Insurers are required to pay a clean paper filed claim within 45 days, and an electronic filed claim within 30 days. HIPAA requirements concerning electronic filing requirements, effective October 1, 2003, may increase the number of paper filed claims received by insurers. This provision allows the Commissioner to waive the 45-day payment requirement for a set length of time. The number of insurance companies that may request this waiver is currently unknown at this time. The Department should be able to absorb this general administrative expense given current staffing and resources.

Explanation of State Revenues: (Revised) This bill may generate additional personal and corporate tax revenue if the funding agreement provision results in additional investment in the state.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of Insurance.

Local Agencies Affected:

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