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FISCAL IMPACT STATEMENT

LS 6465

BILL NUMBER: SB 170

NOTE PREPARED: Dec 15, 2012

BILL AMENDED:

SUBJECT: Insurance for Intentional Acts.

FIRST AUTHOR: Sen. Crider

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: **GENERAL**
 DEDICATED
FEDERAL

IMPACT: State & Local

Summary of Legislation: This bill prohibits certain actions by a property or casualty insurer with respect to an innocent coinsured, including denying payment on a claim and refusing to issue or renew a policy.

Effective Date: July 1, 2013.

Explanation of State Expenditures: Under the bill, insurance providers may not deny, exclude, or limit the payment of an insurance claim made by an innocent coinsured. Any action taken by an insurance provider in violation of the bill's provisions would be considered an unfair and deceptive act. To the extent insurance providers are found to have engaged in unfair and deceptive acts, this bill could increase workload of the Department of Insurance (DOI) to investigate allegations and provide adjudicative proceedings to determine if an unfair or deceptive act has been committed. Actual increases in workload are indeterminable but expected to be small.

Explanation of State Revenues: *Unfair and Deceptive Act:* If this bill increases the number of unfair and deceptive acts discovered by the DOI, revenue to the General Fund could increase from civil penalties paid by violators. The penalty for engaging in an unfair and deceptive act is one or more of the following: (1) a civil penalty between \$25,000 and \$50,000 for each act or violation and (2) revocation of a person's license or certificate of authority if they knowingly engaged in an unfair or deceptive act. Actual increases in revenue are unknown but expected to be small.

Court Fee Revenue: Currently, when an insurance provider denies, excludes, or limits payment of a claim to an innocent coinsured, the innocent coinsured must file a civil court action in order to receive payment of an

insurance claim. This bill can potentially decrease the number of civil actions requested in the state. However, any reduction is expected to be small.

If there is a reduction in civil actions that occur where court fees are collected, revenue to the state General Fund may decrease. A civil costs fee of \$100 is assessed when a civil case is filed, 70% of which is deposited in the state General Fund if the case is filed in a court of record or 55% if the case is filed in a city or town court.

In addition, some or all of the judicial salaries fee (\$20), public defense administration fee (\$5), court administration fee (\$5), and the judicial insurance adjustment fee (\$1) are deposited into the state General Fund. Revenue from the pro bono services fee (\$1) is transferred by the State Auditor to the Indiana Bar Foundation for use to assist with pro bono legal services programs in Indiana. And proceeds from the automated record keeping fee (\$5) are deposited into the state User Fee Fund.

Additional fees may be collected at the discretion of the judge and depending upon the particular type of case.

Explanation of Local Expenditures: If this bill reduces the number of civil actions in the state, local court workload could decrease. Actual decreases in workload are unknown but expected to be small.

Explanation of Local Revenues: *Court Fee Revenue:* If there is a reduction in the number of civil actions that occur in the state, local governments would receive less revenue from the following sources. For every civil action, the county general fund would receive 27% of the \$100 civil costs fee that is assessed in a court of record. Cities and towns maintaining a law enforcement agency that prosecutes at least 50% of its ordinance violations in a court of record may receive 3% of court fees. If the case is filed in a city or town court, 20% of the court fee would be deposited in the county general fund and 25% would be deposited in the city or town general fund. Additional fees may be collected at the discretion of the judge, depending upon the particular type of case.

Persons filing a civil case are also be required to pay the following fees that are deposited in local funds.

The document storage fee (\$2) is deposited into the clerk record perpetuation fund.

The following fees are deposited into the general fund of the county in which the court is located:

- Document fees (\$1 per document) are charged for preparing transcripts or copies of record or certificate under seal.
- Service fee (\$10) collected from the filing party for each defendant beyond the first cited in the lawsuit.

However, any reduction in local revenue is expected to be small.

State Agencies Affected: DOI.

Local Agencies Affected: Courts.

Information Sources:

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