

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0960-01
Bill No.: SB 154
Subject: Insurance - Property
Type: Original
Date: February 14, 2013

Bill Summary: This proposal modifies Missouri's valued policy statute to cover all perils covered under a policy rather than just loss caused by fire.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Insurance Dedicated	Up to \$8,700	\$0	\$0
Total Estimated Net Effect on <u>Other</u> State Funds	Up to \$8,700	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Public Safety - Division of Fire Safety** assume the current proposal would not fiscally impact their agency.

Officials from the **Department of Insurance, Financial Institutions and Professional Registration** estimate up to 174 insurers would be required to submit amendments to their policies to comply with legislation. Policy amendments must be submitted to the department for review along with a \$50 filing fee. One time additional revenues to the Insurance Dedicated Fund are estimated to be up to \$8,700.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department will need to request additional staff to handle increase in workload.

This proposal will increase Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
INSURANCE DEDICATED FUND			
<u>Revenue - DIFP</u>			
Policy Amendment Fee	<u>Up to \$8,700</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>Up to \$8,700</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may directly affect small businesses that sell insurance policies against any type of peril.

FISCAL DESCRIPTION

This proposal modifies Missouri's valued policy law statute. Under current law, Section 379.140 applies to loss or damage by fire. In the event of a total loss, the insurer must pay the total amount of the policy less the depreciation of the property between the time of the issuance of the policy and the loss. In a partial loss, the insurer must pay the comparable percentage of the total value as the damaged part bears to the whole property. This proposal modifies this statute so that applies to loss or damage by any peril covered under the terms of the policy, not just fire.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Public Safety - Division of Fire Safety



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