

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0832H.02C  
 Bill No.: HCS for SB 29  
 Subject: Insurance - General  
 Type: Original  
 Date: May 3, 2021

Bill Summary: This proposal modifies provisions for regulation of certain insurance products.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2027)
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>				
FUND AFFECTED	FY 2022	FY 2023	FY 2024	Fully Implemented (FY 2027)
Petroleum Storage Tank Insurance Fund	\$125,000	\$130,000	\$135,000	\$135,000
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$125,000</b>	<b>\$130,000</b>	<b>\$135,000</b>	<b>\$135,000</b>

Numbers within parentheses: () indicate costs or losses.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Fully Implemented (FY 2027)</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>				
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Fully Implemented (FY 2027)</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>\$0</b>

- Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.
- Estimated Net Effect (savings or increased revenues) expected to exceed \$250,000 in any of the three fiscal years after implementation of the act or at full implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>				
<b>FUND AFFECTED</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>Fully Implemented (FY 2027)</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### **SEQ CHAPTER \h \r 1** Section 303.220 – Certificates of Self Insurance

In response to a similar proposal from 2021 (SB 29), officials from the **Department of Revenue** and **Department of Commerce and Insurance** each assumed the proposal would have no fiscal impact on their respective organizations.

**Oversight** notes that the above mentioned agencies have stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this section.

In response to a similar proposal from this year (Perfected SS for SB 89), officials from the

#### **CHAPTER \h \r 1**

#### Sections 319.129 & 319.131- Petroleum Storage Tank Insurance Fund Provisions

In response to a similar proposal from this year (SB 310), officials from the **Petroleum Storage Tank Insurance Fund (PSTIF)** assumed this proposal would have a positive fiscal impact of approximately \$125,000 in FY 2022 and thereafter to PSTIF as it would eliminate the need for the Board of Trustees to purchase excess coverage from the private market.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the PSTIF.

In response to a similar proposal from 2021 (HCS for HB 1436), officials from the **Department of Natural Resources** assumed the following regarding this proposal:

#### Section 319.129

Extends the sunset date for the Petroleum Storage Tank Insurance Fund (PSTIF) from 2025 to 2030.

#### Section 319.131

Clarifies the coverage responsibility for the PSTIF for third party claims.

In FY 2020 and FY 2021, actuarial projections for revenues to the Petroleum Storage Tank Insurance Fund (PSTIF) (Fund 0585) from the transport load fee were estimated to be \$14.4 million and \$14.35 million, based on the current amount of the transport load fee, which is assessed at \$28 per transport load of petroleum in Missouri.

**Oversight** does not have information to the contrary and therefore, Oversight will reflect the estimates as provided by the DNR. Oversight will reflect an extension of revenue and related

expenses of the estimate provided by DNR of \$14.4 million in FY 2032 to the Petroleum Storage Tank Insurance Fund from the extension from 2025 to 2030.

In response to a similar proposal from 2021 (HCS for HB 1436), officials from the **Missouri Department of Transportation, Department of Commerce and Insurance and Office of the State Treasurer** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Sections 375.018 & 384.043 – Insurance Procedures Licensure

In response to a similar proposal from 2021 (SB 501), officials from the **Department of Commerce and Insurance** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this section.

Section 375.246 – Credit for Reinsurance

In response to a similar proposal from 2021 (HB 239), officials from the **Department of Commerce and Insurance** assumed the proposal would have no fiscal impact on their organization.

**Oversight** notes that the Department of Commerce and Insurance has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for this section.

**SEQ CHAPTER 1** Section 376.2080 – Insurance Companies Funding Agreement

In response to a similar proposal from 2021 (SB 90), officials from the **Department of Commerce and Insurance** assumed the proposal would have no fiscal impact on their organization. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for this section.

Sections 379.1800 - 379.1816 – Group Personal Lines Property and Casualty Insurance

In response to a similar proposal from 2021 (SB 209), officials from the **Department of Commerce and Insurance, the Department of Labor and Industrial Relations, the Department of Revenue, the Department of Public Safety - Missouri Highway Patrol, the Missouri Department of Conservation, the Missouri Department of Transportation and the Office of Administration** each assumed the proposal would have no fiscal impact on their respective organizations. **Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

Bill as a whole:

Rules Promulgation

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond its current appropriation.

Officials from the **Office of the Secretary of State** notes many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$5,000. The Secretary of State's office recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, they also recognize that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain within their core budget. Therefore, they reserve the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

<u>FISCAL IMPACT – State Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024	Fully Implemented (FY 2027)
<b>PETROLEUM STORAGE TANK INSURANCE FUND (0585)</b>				
<u>Revenue</u> - PSTIF Board of Trustees - <b>Extension</b> of transport load fee from 12/31/2025 to 12/31/30 p. 3 – 4 (§319.129.16)	\$0	\$0	\$0	\$14,400,000
<u>Expenses</u> - PSTIF Board of Trustees - <b>Extension</b> of program from 2025 to 2030 p. 3 – 4 (§319.129.16)	\$0	\$0	\$0	(\$14,400,000)
<u>Savings</u> – PSTIF – no longer have to purchase excess coverage from the private market (§319.131) p. 3	<u>\$125,000</u>	<u>\$130,000</u>	<u>\$135,000</u>	<u>\$135,000</u>
<b>ESTIMATED NET EFFECT ON THE PETROLEUM STORAGE TANK INSURANCE FUND</b>	<b><u>\$125,000</u></b>	<b><u>\$130,000</u></b>	<b><u>\$135,000</u></b>	<b><u>\$135,000</u></b>

<u>FISCAL</u> <u>IMPACT –</u> <u>Local</u> <u>Government</u>	FY 2022 (10 Mo.)	FY 2023	FY 2024	Fully Implemented (FY 2027)
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT – Small Business

A fiscal impact to small insurance businesses could be expected as a result of this proposal.

FISCAL DESCRIPTION

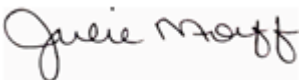
This proposal modifies provisions relating to insurance.

This proposal has an emergency clause for section 303.220.


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 Natural Resources  
Missouri Department of Transportation  
Department of Commerce and Insurance  
Petroleum Storage Tank Insurance Fund  
Office of the Secretary of State  
Joint Committee on Administrative Rules  
Department of Labor and Industrial Relations  
Department of Public Safety - Missouri Highway Patrol  
Department of Revenue  
Missouri Department of Conservation  
Office of Administration



Julie Morff  
Director  
May 3, 2021



Ross Strope  
Assistant Director  
May 3, 2021