

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0932H.05C  
Bill No.: HCS for SS for SB 6  
Subject: Insurance - General  
Type: Original  
Date: April 21, 2021

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Bill Summary: This proposal modifies provisions relating to insurance.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>  |                |                |                |
|--|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                 | <b>FY 2022</b> | <b>FY 2023</b> | <b>FY 2024</b> |
| <b>Total Estimated Net Effect on General Revenue</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>              |                  |                  |                  |
|---|------------------|------------------|------------------|
| <b>FUND AFFECTED</b>  | <b>FY 2022</b>   | <b>FY 2023</b>   | <b>FY 2024</b>   |
| Petroleum Storage Tank Insurance Fund                         | \$125,000        | \$130,000        | \$135,000        |
| <b>Total Estimated Net Effect on <u>Other</u> State Funds</b> | <b>\$125,000</b> | <b>\$130,000</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>Total Estimated Net Effect on <u>All</u> Federal Funds</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>Total Estimated Net Effect on FTE</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>Local Government</b>                    | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

## FISCAL ANALYSIS

### ASSUMPTION

#### Section 41.201 – Missouri National Guard Members

In response to a similar proposal from this year (SB 258), officials from the **Department of Public Safety - Missouri National Guard** and the **Department of Revenue** each assumed the proposal will have no fiscal impact on their respective organizations.

In response to a similar proposal from this year (SB 258), officials from the **Office of Administration** stated this bill would appear to have no fiscal impact, because under RSMo. 105.711.2(2) “members of the Missouri National Guard upon conduct of such officer or employee arising out of and performed in connection with his or her official duties on behalf of the state” are covered under the Legal Expense Fund. Therefore, it is anticipated that there will be no fiscal impact to the Legal Expense Fund (LEF).

**Oversight** does not have any information to the contrary. Therefore, Oversight will reflect a zero impact in the fiscal note for these agencies.

#### Section 303.220 – Certificates of Self Insurance

In response to a similar proposal from this year (SB 29), officials from the **Department of Revenue** and **Department of Commerce and Insurance** each assumed the proposal will 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.

#### Sections 304.153 & 385.220-385.450– Motor Club Provisions

In response to a similar proposal from this year (Perfectured SS for SB 89), officials from the **Department of Commerce and Insurance**, the **Department of Public Safety - Missouri Highway Patrol**, the **Missouri Department of Transportation**, the **Missouri Office of Prosecution Services** and the **Office of the State Courts Administrator** each assume the proposal will 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.

In response to a similar proposal from this year (Perfectured SS for SB 89), **Missouri State Public Defender (SPD)** cannot assume existing staff will be able to provide competent, effective representation for any new cases where indigent persons are charged with the proposed new crime(s) relating to the tow truck drivers under Section 304.153. The Missouri State Public

Defender System is currently providing legal representation in caseloads in excess of recognized standards. While the number of new cases may be too few or uncertain to request additional funding for this specific bill, the Missouri State Public Defender will continue to request sufficient appropriations to provide competent and effective representation in all cases where the right to counsel attaches.

**Oversight** assumes the SPD will be able to perform any additional duties required by this proposal with current staff and resources and will reflect no fiscal impact to the SPD for fiscal note purposes.

**Oversight** notes officials from Department of Commerce and Insurance state motor clubs are not currently taxed under Chapter 148 and section 385.450.2 of the bill will not change taxation.

#### Section 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 will 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 this year (SB 310), officials from the **Department of Natural Resources**, the **Missouri Department of Transportation**, each assumed the proposal will 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 this year (SB 501), officials from the **Department of Commerce and Insurance** assumed the proposal will 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.

#### Section 375.246 – Credit for Reinsurance

In response to a similar proposal from this year (HB 239), officials from the **Department of Commerce and Insurance** assumed the proposal will 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.

Section 376.421- Group Health Insurance

In response to a similar proposal from this year (SB 475), officials from the **Department of Commerce and Insurance**, the **Department of Social Services**, the **Missouri Department of Conservation**, the **Missouri Department of Transportation**, the **Office of Administration**, the **Missouri Consolidated Health Care Plan**, the **University of Missouri**, the cities of: **Claycomo, Corder, Kansas City, Springfield** and the **St. Louis Budget Division** each assume the proposal will 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.

Section 376.2080 – Insurance Companies Funding Agreement

In response to a similar proposal from this year (SB 90), officials from the **Department of Commerce and Insurance** assumed the proposal will 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.

Section 379.120 – Explanation of Refusal to Write Automobile Insurance

In response to a similar proposal from this year (SB 294), officials from the **Department of Commerce and Insurance** assumed the proposal will 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 379.1800-379.1824 – Group Personal Lines Property and Casualty Insurance

In response to a similar proposal from this year (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 will 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 382.010- 382.230 – Group Capital Calculation (GCC) and Liquidity Stress Test (LST)

In response to a similar proposal from this year (HB 1126), officials from the **Department of Commerce and Insurance (DCI)** stated this legislation incorporates the recently adopted

changes to NAIC Model law 440 related to the Group Capital Calculation (GCC) and Liquidity Stress Test (LST).

DCI stated, currently, Missouri is the lead state regulator for 22 insurance groups that do not meet an exemption from the GCC. All groups are required to file the GCC at least once.

After the first filing, the director can exempt companies from filing or require a more limited filing going forward.

DCI believes the costs of this bill can be absorbed within current appropriations; should the cost be more than anticipated, the department would request an increase to their FTE and/or appropriation as appropriate through the budget process.

Officials from the DCI assume the proposal will 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.

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<br>(10 Mo.)     | FY 2023                 | FY 2024                 |
|--|-------------------------|-------------------------|-------------------------|
| <b>PETROLEUM STORAGE TANK INSURANCE FUND (0585)</b>  |                         |                         |                         |
| <u>Savings – PSTIF – no longer have to purchase excess coverage from the private market §319.131</u> | <u>\$125,000</u>        | <u>\$130,000</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> |

| <u>FISCAL IMPACT – Local Government</u> | FY 2022<br>(10 Mo.) | FY 2023    | FY 2024    |
|---|---------------------|------------|------------|
|   | <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

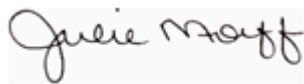
This proposal modifies provisions relating to insurance.

This proposal specifies that legal defense costs to the Petroleum Storage Tank Insurance Fund are separate from other coverage limits and allows the Fund to set a limit for such coverage.

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  
Department of Social Services  
Office of Administration  
Missouri Consolidated Health Care Plan  
University of Missouri Legislative Research  
Office of the State Public Defender  
Office of the State Courts Administrator  
Missouri Office of Prosecution Services  
Cities:  
Claycomo  
Corder  
Kansas City  
Springfield  
St. Louis Budget Division



Julie Morff  
Director  
April 21, 2021



Ross Strobe  
Assistant Director  
April 21, 2021