

Revised on 2/25/08 based on amendments adopted through 2/21/08.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES *				
	FY 2008-09		FY 2009-10	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	Unknown	Unknown	Unknown	Unknown
FEDERAL FUNDS				
PERMANENT SCHOOL FUND		Unknown		Unknown
TOTAL FUNDS				

*Does not include any impact on political subdivisions. See narrative for political subdivision estimates.

LB 855 has been amended to include several other bills relating to insurance. The original bill changing provisions related to group life insurance has no fiscal impact.

The amendments include the provisions of LB 779 pertaining to filing of certificates of compliance by multiple employer welfare arrangements. The provisions have no fiscal impact.

The amendments include the provisions of LB 853. The only provisions from LB 853 that appear to have a fiscal impact for the state pertain to changes in continuing education and licensing fees and new language allowing the Department of Insurance to supervise financial conglomerates.

Section 23 eliminates a \$5 filing fee that is currently paid on a biennial basis when a licensee submits evidence of the completion of continuing education requirements. Section 26 repeals a \$10 filing fee paid by license applicants when evidence is presented showing the completion of prelicensing requirements. Section 27 establishes a fee of up to \$100 for an insurance producer license. The current fee is up to \$40 for a resident producer license and up to \$80 for a non-resident producer license. The Department of Insurance indicates the repeal of the two filing fees will reduce annual revenue to the Department of Insurance Cash Fund by about \$41,500. However, the department intends to establish the insurance producer license fee at such an amount so as to offset any loss in revenue from the eliminated filing fees.

Section 50 provides authority for the Department of Insurance to supervise financial conglomerates. The department is to charge conglomerates that opt to be supervised an application fee in an amount not to exceed the cost to review an application for supervision. Expenses incurred by the department related to supervision shall be paid by the financial conglomerate being supervised. Administrative penalties may be assessed for violations of rules by financial conglomerates.

The department does not have an estimate of the number of conglomerates that may opt to be supervised. There may be minimal costs for the department to establish the rules for supervision. These costs can be handled with existing resources. Any expenses related to supervising conglomerates should be offset by revenues received from the entities being supervised. Any penalties assessed for violations will accrue to the Permanent School Fund, the interest from which is distributed to public schools.

The amendments also include the provisions of LB 854 which is the Discount Medical Plan Organization Act. Sections 2 and 31 -48 provide for the annual registration of discount medical plan organizations. An initial application fee of up to \$500 is required to be paid to the Department of Insurance. Annual renewal fees of \$300 are established. The Department of Insurance is authorized to examine or investigate the business and affairs of discount medical plan organizations. Any costs related to examinations are to be paid by the entity being examined. Fines and penalties are established for violations of the act.

The Department of Insurance does not know how many discount medical plan organizations are currently operating in the state. The department does not project there to be a significant number. Any revenue received from registrations and examinations of the organizations will be deposited in the Department of Insurance Cash Fund. Any fines and penalties pursuant to the act will accrue to the Permanent School Fund, the interest from which is distributed to public schools.