

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS		(\$8,229)		(\$8,229)
CASH FUNDS		See Below		See Below
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 26 pertains to legal expense insurance. The bill provides that legal expense plans which do not include the assumption of risk are excluded as insurance plans in the state.

The Department of Insurance indicates one legal expense plan insurer currently pays premium taxes in the state. That insurer will likely be exempt from licensure, if the bill passes. The insurer paid \$20,571 of premium taxes in calendar year 2017. The loss in revenue impacts the recipients of premium taxes as follows: General Fund (\$8,229); Municipal Finance Assistance Fund (\$2,057); Counties (\$1,028); Cities (\$3,085); and schools (\$6,172).

It is possible that another recently licensed legal expense insurer may be exempt from the payment of taxes pursuant to the bill, but the department does not yet have the information to determine whether that will be the case.

Please complete ALL (5) blanks in the first three lines.

2019

LB⁽¹⁾ 26

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Insurance

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ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	FY 2019-20		FY 2020-21	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	(\$20,000)	_____	(\$20,000)
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Legislative Bill 26 amends Neb. Rev. Stat. §§ 44-3302 and 44-3303 to amend the definition of legal expense insurance to exclude entities that do not assume risk. Currently, Nebraska has two licensed legal expense insurers, one of which is newly licensed and has not yet filed an annual statement with the Department. The other existing legal expense insurer paid fees and taxes totaling \$20,571 in tax year 2017 and \$18,000 in tax year 2016. This insurer will likely be exempt from licensure if LB 26 passes. As such, the Department estimates a loss in revenue of \$20,000 for each FY 19-20 and FY20-21. The recently licensed legal expense insurer may or may not be exempt under this expanded definition, and since no annual statement has been filed yet, it is impossible to estimate any additional impact on revenue. This loss in revenue to the Department would then be reflected in loss disbursements of premium tax pursuant to Chapter 77.

77-912 Premium Tax Distribution:

40% General Fund	(\$8,000)
10% Mutual Assistance Fund	(\$2,000)
50% Insurance Tax Fund (77-913)	(\$10,000)
• 60% TEEOSA	(\$6,000)
• 30% Municipal Equalization Fund	(\$3,000)
• 10% Counties	(\$1,000)

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

POSITION TITLE	NUMBER OF POSITIONS		2019-20 EXPENDITURES	2020-21 EXPENDITURES
	19-20	20-21		
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____