

FISCAL NOTE

H.B. 19 1st Sub. (Buff)

SHORT TITLE: Insurance Law Related Amendments - As Amended

SPONSOR: Dunnigan, J.

2011 GENERAL SESSION, STATE OF UTAH

STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill will shift revenue from Dedicated Credits to two restricted accounts--Relative Value Study Restricted Account and Insurance Fraud Investigation Restricted Account. The projected amounts for FY 2011 for these dedicated credits are: \$85,700 for Relative Value Study and \$1,984,500 for Insurance Fraud Investigation. The FY 2010 ending balances for the dedicated credits were \$208,688 for Relative Value Study and \$73,923 for Insurance Fraud Investigation. There is no net change expected in the amount of funds collected for each account.

The amended bill also creates in the General Fund a restricted account known as the "Insurance Department Restricted Account." As part of this creation, the department's expenses shall no longer be paid from the General Fund, but, rather, from the newly created restricted account. The revenue shift from General Fund to the Insurance Department Restricted Account for FY 2012 will be \$5,894,900.

Additionally, any possible collection of the \$50,000 withdrawal fee included in Section 31A-4-115 would be excluded for captive insurance companies. As well, fees for Title Insurers and Agencies would increase from \$200 to \$250 for the first office in each county and from \$100 to \$150 for each additional office within the same county. For FY 2011 there will be assessments to 285 first offices and 118 secondary offices. The total annual assessment cap for title agencies and insurers will also change from \$75,000 to \$80,000. These changes will generate an additional \$20,200 in restricted revenue beginning in FY 2012.

Finally, raising the cap for nonlapsing funds in the Captive Insurance Restricted Account from \$600,000 to \$950,000 will result in a loss of revenue to the General Fund of up to \$350,000 starting in FY 2014. The historical amount of lapsed funds to the General Fund includes: \$8,598 (FY2007), \$567,334 (FY2008), \$445,328 (FY2009), and \$637,220 (FY2010).

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STATE BUDGET DETAIL TABLE

	FY 2011	FY 2012	FY 2013
Revenue:			
General Fund	\$0	(\$5,894,900)	(\$5,894,900)
General Fund Restricted	\$0	\$5,894,900	\$5,894,900
Dedicated Credits	(\$165,400)	(\$1,984,500)	\$0
Dedicated Credits	(\$7,100)	(\$90,000)	\$0
Restricted Funds	\$0	\$20,200	\$20,200
Restricted Funds	\$165,400	\$1,984,500	\$0
Restricted Funds	\$7,100	\$90,000	\$0
Total Revenue	\$0	\$20,200	\$20,200
Expenditure:			
General Fund	\$0	(\$5,894,900)	(\$5,894,900)
General Fund Restricted	\$0	\$5,894,900	\$5,894,900
Total Expenditure	\$0	\$0	\$0
Net Impact, All Funds (Rev.-Exp.)	\$0	\$20,200	\$20,200
Net Impact, General/Education Funds	\$0	\$0	\$0

LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill likely will not result in direct, measurable costs and/or benefits for local governments.

DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Enactment of this bill will result in fee increases for title insurers and agencies from \$200 to \$250 for the first office which the insurer or agency maintains in a county and from \$100 to \$150 for each additional office the insurer or agency maintains in the same county.