

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: House Bill 348 (First Edition)

SHORT TITLE: Insurance Fee Repeals and Increases - AB

SPONSOR(S): Representatives Hurley and Dockham

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2001-02</u>	<u>FY 2002-03</u>	<u>FY 2003-04</u>	<u>FY 2004-05</u>	<u>FY 2005-06</u>
REVENUES					
General Fund					
Fees Abolished	(\$1,523,870)	(\$1,538,400)	(\$1,554,010)	(\$1,570,080)	(\$1,586,160)
Proposed Fees	<u>\$1,533,000</u>	<u>\$1,548,400</u>	<u>\$1,563,800</u>	<u>\$1,580,400</u>	<u>\$1,597,000</u>
Net Change	\$9,130	\$9,460	\$9,790	\$10,320	\$10,840
EXPENDITURES					
General Fund	No estimate available				
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Insurance					
EFFECTIVE DATE: This act is effective when it becomes law.					

BILL SUMMARY: This act simplifies the Department of Insurance fee schedule in a revenue neutral manner by eliminating a number of fees and increasing the license application and renewal fees.

ASSUMPTIONS AND METHODOLOGY:

The chart on the next page list the fees charged by the Department of Insurance, the estimated number of transactions in FY 2000-01, and the revenue estimated to be collected and deposited into the General Fund in FY 2000-01.

Fee Title/Description	Fee Rate	Number of Transactions	FY 2000-2001 Revenue
Seal Fees	\$10	1,300	\$13,000
List of Insurance Companies	\$10	100	\$1,000
By-Laws/Articles	\$25	50	\$1,250
Certifications	\$10	300	\$3,000
Filing and Auditing Annual Statement	\$100	1,350	\$135,000
Filing and Examining Admission Application	\$250	50	\$12,500
Filing other Papers	\$25	1,200	\$30,000
Quarterly Statements	\$25	850	\$21,250
Insurer License Fee	\$1,000	535	\$535,000
Insurer Multiple Line License Fee	\$1,100	688	\$756,800
Total			\$1,508,800

The Department requests to simplify its fee structure by abolishing many of its smaller fees and replacing the lost revenue by increasing its annual license fee and filing/examination fee. The chart below shows the revised fee structure and the estimated revenue from the fee change. While the bill is proposed to be revenue neutral, there is a small revenue gain from the revised fee schedule.

Fee Title/Description	Current Fee Rate	Number of Transactions	FY 2000-2001	Proposed Fee Rate	Number of Transactions	FY 2000-2001
Seal Fees	\$10	1,300	\$13,000			\$0
List of Insurance Companies	\$10	100	\$1,000			\$0
By-Laws/Articles	\$25	50	\$1,250			\$0
Certifications	\$10	300	\$3,000			\$0
Filing/Auditing Annual Statement	\$100	1,350	\$135,000			\$0
Filing/Examining Admission Application	\$250	50	\$12,500	\$1,000	50	\$50,000
Filing other Papers	\$25	1,200	\$30,000			\$0
Quarterly Statements	\$25	850	\$21,250			\$0
Insurer License Fee	\$1,000	535	\$535,000	\$1,200	535	\$642,000
Insurer Multiple Line License Fee	\$1,100	688	\$756,800	\$1,200	688	\$825,600
Total			\$1,508,800			\$1,517,600

The Department anticipates an annual 1% growth in the number of transactions.

	<u># Filing/ Exams</u>	<u>Filing Revenue</u>	<u># Licenses</u>	<u>License Revenue</u>	<u>Total Revenue</u>
FY 01-02	51	\$51,000	1,235	\$1,482,000	\$1,533,000
FY 02-03	52	\$52,000	1,247	\$1,496,400	\$1,548,400
FY 03-04	53	\$53,000	1,259	\$1,510,800	\$1,563,800
FY 04-05	54	\$54,000	1,272	\$1,526,400	\$1,580,400
FY 05-06	55	\$55,000	1,285	\$1,542,000	\$1,597,000

The Financial Evaluation Division in the Department of Insurance will be processing 5,150 fewer forms each year. The Department estimates that this paperwork reduction might save less than half of a clerical position, but does not propose reducing the administrative budget for this section.

TECHNICAL CONSIDERATIONS:

FISCAL RESEARCH DIVISION 733-4910

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DATE: April 4, 2001



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