

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
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 137 is the Unclaimed Life Benefits Act. The bill requires insurers to perform a comparison of insureds' in-force policies and retained asset accounts against a death master file to identify potential matches of insureds. The comparison is to be done at least semi-annually. If a match is found, then an insurer is to confirm the death of the insured, determine if benefits are due, try to locate the beneficiary and provide instructions for the beneficiary to make a claim. Failure to meet any requirement of the act is an unfair trade practice in the business of insurance.

The Director of the Department of Insurance (DOI) may limit an insurer's death file master comparisons in certain instances, exempt an insurer from certain requirements, or phase in compliance. The Department of Insurance indicates the bill will have no fiscal for the agency.

Companies who are determined to have engaged in an unfair trade practice by the Director of the DOI may be fined up to \$1,000 for each violation, not to exceed an aggregate penalty of \$30,000. Penalties for flagrant violations are up to \$15,000 per violation, not to exceed \$150,000 in the aggregate. The number of violations and assessed penalties pursuant to the bill is unknown, but projected to be small. Any revenue received from penalties is deposited in the Permanent School Fund, from which the interest accrues to public schools on an annual basis. The number of penalties pursuant to the act is unknown but not anticipated to be significant.

The State Treasurer indicates the bill will likely result in an increase in life insurance proceeds to the Unclaimed Property Trust Cash Fund pursuant to insurance companies performing the required death master file searches. The Treasurer estimates that approximately \$2.5 million may accrue to the fund on an annual basis beginning in FY2023-24 because life insurance proceeds have a five year dormancy period. The proceeds of the Unclaimed Property Trust Cash Fund are annually allocated to the Permanent School Fund.

ADMINISTRATIVE SERVICE STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 137	AM:	AGENCY/POLT. SUB: Dept of Insurance	
REVIEWED BY: Gary Bush	DATE: 1/24/17	PHONE: (402) 471-4161	
COMMENTS: Concur.			

ADMINISTRATIVE SERVICE STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 137	AM:	AGENCY/POLT. SUB: State Treasurer	
REVIEWED BY: Gary Bush	DATE: 1/24/17	PHONE: (402) 471-4161	
COMMENTS: No basis to disagree on fiscal impact provided by the agency.			

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

2017

LB⁽¹⁾ 137

FISCAL NOTE

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

Prepared by: ⁽³⁾ Robert M. Bell Date Prepared: ⁽⁴⁾ 1/13/2017 Phone: ⁽⁵⁾ (402) 471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact on the Nebraska Department of Insurance.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18 EXPENDITURES</u>	<u>2018-19 EXPENDITURES</u>
	<u>17-18</u>	<u>18-19</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

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

2017

LB⁽¹⁾ 137

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska State Treasurer

Prepared by: ⁽³⁾ Jason Walters Date Prepared: ⁽⁴⁾ 01/23/2017 Phone: ⁽⁵⁾ 402-471-2793

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2019-20</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate: Once this bill would become operative January 1, 2018, Insurance companies would begin to perform Death Master File searches of their in force policies. At this point a match would initiate dormancy of the proceeds. Life insurance proceeds have a five year dormancy period, for this reason, there will be no fiscal impact of FY 2017-2018 or FY 2018-2019. The Nebraska State Treasurer’s Office believes that starting in FY 2023-2024 we will see an increase of approximately \$2,500,000.00 to the Unclaimed Property Trust (cash) Fund.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____