

Revised on 2/23/18 based upon amendments adopted through 2/22/18.

FISCAL NOTE
LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2018-19		FY 2019-20	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS		\$4,800		\$4,800
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS		\$4,800		\$4,800

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

LB 743 establishes the Public Adjusters Licensing Act, eliminates preclicensing education requirements for insurance producers and makes changes to the approval of continuing education activities.

Public Adjusters Licensing Act: The bill requires public adjusters to be licensed by the Department of Insurance (DOI). The fee for an initial or renewal license for a resident or nonresident public adjuster is not to exceed \$100. The initial and renewal fee for a business entity adjuster license is not to exceed \$150 per year. Licenses are renewed every two years. DOI estimates 100 people will be licensed as public adjusters in FY19 and an additional 100 people will apply for a license in FY20. The estimated increase in cash fund revenue for the Department of Insurance Cash Fund is about \$5,000 per year. DOI indicates existing staff can handle the workload associated with licensing public adjusters.

DOI will also have an increased workload to regulate the Public Adjusters Licensing Act. It is possible there may be some hearings held and fines levied pursuant to the act. Rules and regulations may be adopted by DOI to carry out the act. It is assumed existing staff can handle the increased workload related to the regulation of public adjusters.

Prelicensing Education: The bill repeals preclicensing education requirements for insurance producers. Current law requires DOI to approve preclicensing courses and entities offering courses must pay a \$50 fee to have a course approved. DOI estimates about four courses are approved each year, so the annual decrease in cash fund revenue will be about \$200.

The department indicates the amount of time spent by staff to administer preclicensing requirements is minimal, so no reduction in staffing or costs is anticipated.

Continuing Education Activities: LB 743 provides that all continuing education activities will be approved by the department for a four-year period beginning January 1, 2019. The bill eliminates a fee of up to \$50 currently charged sponsors for the approval or renewal of any continuing education activity. However, a fee of up to \$200 is retained which is assessed for the approval of a continuing education sponsor. DOI indicates the changes to the continuing education statutes are meant to be revenue neutral. It is assumed any increase in workload to handle the renewal of continuing education courses prior to January of 2019 can be accomplished with existing staff and resources of the department.

Insured Homeowner's Protection Act: LB 743, as amended, includes the provisions of LB 220 which change the Insured Homeowner's Protection Act. The bill provides for there to be a written notice in any written contract, repair estimate or work order prepared by a residential contractor to provide goods or services that are to be paid by a property and casualty insurance policy stating that it is a violation of the insurance laws of the state to rebate any portion of an insurance deductible as inducement to accept a proposal to repair property. The bill provides that violations may be punishable by civil or criminal penalties.

It is assumed that persons who are found to be violating the provisions of the bill will be guilty of a fraudulent insurance act and be subject to a civil penalty of up to \$5,000 for the first violation, \$10,000 for the second violation and \$15,000 for each subsequent violation. Revenue from penalties accrues to the county where the violation occurs for use by the public schools. The number of violations of the provisions of the bill are unknown, but are not projected to be significant in number.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 743	AM:	AGENCY/POLT. SUB: Nebraska Department of Insurance
REVIEWED BY: Neil Sullivan	DATE: 1/10/2018	PHONE: (402) 471-4179
COMMENTS: No basis to disagree with the Nebraska Department of Insurance estimated fiscal impact from LB 743.		

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

2018

LB⁽¹⁾ 743

FISCAL NOTE

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

Prepared by: ⁽³⁾ Robert M. Bell Date Prepared: ⁽⁴⁾ 1/9/2018 Phone: ⁽⁵⁾ (402) 471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2018-19</u>		<u>FY 2019-20</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	\$4,800	_____	\$4,800
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

Legislative Bill 743 would eliminate preclicensing education for insurance producers, amend statutes related to continuing education, and adopt the Public Adjusters Licensing Act.

Elimination of preclicensing education. Currently, preclicensing education providers pay a \$50 fee to get a course approved and registered. Since 2012, approximately 20 preclicensing courses have sought approval, accounting for \$1000 in revenue to the Department of Insurance Cash Fund. Elimination of this program will reduce revenue by \$200 annually. The amount of staff time spent on this program is minimal and its elimination will not reduce costs of the Department.

Changes to the continuing education statutes are intended to be revenue neutral at this time. While renewal of classes will increase workload of the Department, the increase will be handled by existing Department staff.

Adding a new public adjuster license will increase the number of licensees of the Department. Currently, approximately 350 persons are licensed as insurance consultants in Nebraska. Presuming 100 new individuals become licensed as public adjusters in Nebraska for a fee of \$50 in 2018 and 100 new individuals become licensed in 2019, with renewals every two years, annual revenue to the Department of Insurance Cash Fund will increase by \$5000. No new costs or staff are anticipated to implement the new public adjuster license.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2018-19</u>	<u>2019-20</u>
	<u>18-19</u>	<u>19-20</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____