

NORTH CAROLINA GENERAL ASSEMBLY

LEGISLATIVE FISCAL NOTE

BILL NUMBER: SB 591 PCS8619

SHORT TITLE: Insurance Licenses/Continuing Education

SPONSOR(S): Senator Kincaid

FISCAL IMPACT:

	Expenditures:	Increase (X)	Decrease ()
)			
	Revenues:	Increase (X)	Decrease ()
)			
	No Impact ()		
	No Estimate Available ()		

FUNDS AFFECTED: **General Fund ()** **Highway Fund ()**
 Other Fund (X) Dept. of Insurance Fund

BILL SUMMARY: SB 591 PCS8619 amends the General Statutes that govern:

(1) licensing of insurance agents, brokers, and limited representatives, to establish a license for an insurance "customer service representative."

(2) issuance of temporary licenses to insurance agents, brokers, or limited representatives, to include any applicant for licensing who is performing limited administrative duties under the supervision of a licensed agent or broker.

(3) continuing education requirements for insurance agents and brokers, to include continuing education for customer service representatives.

EFFECTIVE DATE: October 1, 1995

PRINCIPAL DEPARTMENT(S)/PROGRAM(S) AFFECTED:

FISCAL IMPACT

	<u>FY</u> 95-96	<u>FY</u> 96-97	<u>FY</u> 97-98	<u>FY</u> 98-99	<u>FY</u>
99-00					
EXPENDITURES					
RECURRING		\$112,300	\$112,300	\$112,300	\$
NON-RECURRING	\$71,500	-0-	-0-	-0-	
-0-					
REVENUES/RECEIPTS					
RECURRING	\$82,650	\$82,650	\$82,650	\$82,650	
NON-RECURRING					
NET					

RECURRING	\$29,650	\$29,650	\$29,650	\$29,650
\$29,650				
NON-RECURRING	\$71,500	-0-	-0-	-0-
-0-				

POSITIONS: 3 3 3 3 3

ASSUMPTIONS AND METHODOLOGY: It is assumed that two of the three additional positions will be required to assist with administration of license applications, prelicense testing, and continuing education for customer service representatives. The cost of one of the clerks will be recovered through continuing education fees to licensees. The cost of the other will be covered by the Dept. of Insurance Fund.

The Dept. of Insurance estimates that one additional field auditor will be required to assist with license and continuing education audits in insurance agencies. It is assumed that this position will also be funded through an increase in continuing education fees charged to licensees.

Non-recurring costs consist of the following:

Data Processing Equipment	\$8,500
Computer Programming Changes	60,000
Furniture & Other Equipment	<u>3,000</u>
Total	\$71,500

Continuing education fees are set administratively at one dollar per credit hour, at the present time. It is assumed that this fee will be increased to cover those costs listed above that will be covered by continuing education fee revenue, as well as any lost revenue that may be realized due to a lower continuing education requirement for customer service representatives. Continuing education requirements for insurance agents are currently 12 credit hours, annually. Six hours of continuing education requirements are established in this bill for customer service representatives. It is not possible to estimate what fiscal impact such a change will have on continuing education fees or fee revenue.

SOURCES OF DATA: Dept. of Insurance

FISCAL RESEARCH DIVISION: 733-4910

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DATE: May 9, 1995



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