

GENERAL ASSEMBLY OF NORTH CAROLINA

Session 2005

Legislative Fiscal Note

BILL NUMBER: House Bill 646 (2nd Edition)

SHORT TITLE: Insurance Company Fee Consolidation.-AB

SPONSOR(S): Representative Holliman

	FISCAL IMPACT				
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2005-06</u>	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>
REVENUES:					
Dept. of Insurance	\$641,458	\$641,458	\$641,428	\$641,458	\$641,458
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Department of Insurance.					
EFFECTIVE DATE: July 1, 2005.					

BILL SUMMARY: House Bill 646 makes changes to fees paid by insurers to the Department of Insurance to consolidate various fees into the licensing and license continuation fees.

The bill eliminates fees for filing and auditing annual statements, filing papers required by law, issuance of certificates of examination, condition, or qualification of a company or association, for required seals, lists of insurance companies, certifying records or data from the Commissioner’s office, the examination or approval of charters, and fees for additional classifications of business beyond an insurer’s primary classification.

To offset the loss of revenue from the elimination of the above fees, licensing and license continuation fees for most insurers are increased from \$1000 to \$1500. The fee for fraternal order licensing and license continuation are also increased from \$100 to \$500.

The bill also eliminates exceptions and reductions in fees for HMOs and other insurers, including medical service corporations such as Blue Cross & Blue Shield and Delta Dental, and HMOs.

ASSUMPTIONS AND METHODOLOGY: This legislation will result in increased fee revenues for the Department of Insurance. The department’s total license fee revenue for 2003-04

was \$1.6 million. The revenue from fees eliminated by this bill (redomestication fees, company listings, seal fees, bylaws/articles fees, and license certifications) totaled \$3,972 as of June 30, 2004.

The Department of Insurance licenses 1,282 insurance companies, 15 county farm mutual companies, and five fraternal organizations. The proposed fee increases are as follows:

Entity	Current Fee	Proposed Fee	# of Entities	Total Fee Revenue from Increase
Licensed companies	\$1,000	\$1,500	1,282	641,000
County farm mutual companies	\$25	\$25	15	-
Fraternal Societies	\$100	\$500	11	4,400
Eliminated fees	Various	-		(3,942)
Subtotal				641,458

As the above table indicates, the fee consolidation will result in approximately \$641,458 in additional Department of Insurance fee revenues.

SOURCES OF DATA: North Carolina Department of Insurance

TECHNICAL CONSIDERATIONS: None

FISCAL RESEARCH DIVISION: (919) 733-4910

PREPARED BY: Linda Struyk Millsaps and Brenna Erford

APPROVED BY: James D. Johnson, Director
Fiscal Research Division



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