

State Corporation Commission 2023 Fiscal Impact Statement

1. **Bill Number:** SB 927

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Favola

3. **Committee:** Commerce and Labor

4. **Title:** Ethics and fairness in carrier business practices; failure to comply.

5. **Summary:** Provides that any provider or person that submits a complaint to the State Corporation Commission alleging a violation of carrier or provider business practices may request a determination from the Commission of whether a carrier has failed to implement minimum fair business standards as required by the Code. Under the bill, the Commission may require a carrier to make an interim payment to a complainant for the claims in controversy. If the Commission determines that a carrier has failed to comply with the minimum fair business standards, the carrier must submit a plan of corrective action to the Commission and complainant within 30 days of the Commission's decision. The bill also permits any provider for which the Commission determines that a carrier has failed to implement minimum fair business standards to file an action to recover actual damages and obtain other injunctive relief.

6. **Budget Amendment Necessary:** Yes, Item 489.

7. **Fiscal Impact Estimates:** Preliminary. See Item #8.

8. **Fiscal Implications:** The State Corporation Commission's Bureau of Insurance (Bureau) cannot accurately determine the number of complaints that would be received pursuant to the new requirements. The Bureau would be required to implement a process by which it investigates each individual claim within 30 days, directs creation of a corrective action plan for insurers for each complaint which failed at least in part to implement minimum fair business standards, performs a review of the insurer's compliance with the corrective action plan and determine that the plan includes provisions for payment of any unpaid claims required under the new provisions within 60 days of the date of the Commission's decision.

The proposed legislation would have a fiscal impact on the Commission. The Bureau estimates hiring up to six additional employees initially (one additional principal examiner, two senior examiners and three entry-level examiners). The high-estimate cost for this increase in staff is estimated at \$780,00 in FY24 (which includes one-time costs for space and equipment needs) and \$730,00 in FY25.

9. **Specific Agency or Political Subdivisions Affected:** State Corporation Commission Bureau of Insurance

10. **Technical Amendment Necessary:** No

11. **Other Comments:** Senate Bill 927 is identical House Bill 1739.