

State Corporation Commission 2004 Fiscal Impact Statement

1. Bill Number HB1371

House of Origin	<input checked="" type="checkbox"/> Introduced	<input type="checkbox"/> Substitute	<input type="checkbox"/> Engrossed
Second House	<input type="checkbox"/> In Committee	<input type="checkbox"/> Substitute	<input type="checkbox"/> Enrolled

2. Patron Rapp

3. Committee Commerce and Labor

4. Title Flood insurance; disclosure of contents coverage.

5. Summary/Purpose: Requires insurers who issue flood policies to provide a notice to insureds, pursuant to the regulations promulgated by the Commission, that includes:

1. A statement, in boldface type, that discloses whether there is contents coverage and whether an additional premium is required.
2. The exclusions in the policy and where in the policy these are found.
3. A requirement that the insurer make available all of the publications of the National Flood Insurance Program.
4. A requirement that the insured sign a statement that the information required by this section has been received.

6. No Fiscal Impact on state agencies

7. Budget amendment necessary: No

8. Fiscal implications: None

9. Specific agency or political subdivisions affected: State Corporation Commission Bureau of Insurance

10. Technical amendment necessary: The State Corporation Commission Bureau of Insurance recommended technical amendments to the patron of House Bill 1371 as follows:

Since Items #3 and #4 are requirements as opposed to notice provisions, Item #3 could read: "3. Any publication of the National Flood Insurance Program."

Item #4 is more appropriately a new subsection B in the bill and could read: "Any insurer that issues a policy described in subsection A shall have the insured or potential insured sign a written statement affirming that such insured has received from the insurer the information required by this section."

11. Other comments: There is another bill this session that deals with improving disclosures to consumers on flood insurance, House Bill 609. While the Bureau favors consumers having

increased knowledge regarding flood policy exclusions and the purchasing of contents coverage in their flood policies, the Bureau did advise the patron that the bill would require the State Corporation Commission to promulgate regulations regarding a notice requirement over which the Commission has no authority, since the Commission does not have jurisdiction over policies issued by the National Flood Program.

Date: 02/06/04 / V.Tompkins

cc: Secretary of Commerce and Trade