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## FISCAL IMPACT REPORT

SPONSOR Hochman-Vigil LAST UPDATED \_\_\_\_\_  
ORIGINAL DATE 1/29/2023  
BILL \_\_\_\_\_  
SHORT TITLE 3-Year Insurance Rate Premium Hearings NUMBER House Bill 79  
ANALYST Dick-Peddie

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT\* (dollars in thousands)

	FY23	FY24	FY25	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
	\$250.0	No fiscal impact	\$46.0	\$292.0	Recurring	General Fund
<b>Total</b>						

Parentheses ( ) indicate expenditure decreases.

\*Amounts reflect most recent version of this legislation.

### Sources of Information

LFC Files

#### Responses Received From

Office of the Superintendent of Insurance (OSI)  
Regulation and Licensing Department (RLD)

## SUMMARY

### Synopsis of House Bill 79

House Bill 79 (HB79) increases the interval between the Office of Superintendent of Insurance (OSI) setting title premium rates and regulation hearings from two to three years. Rates are established and stay in place until the next rate hearing.

This bill does not contain an effective date and, as a result, would go into effect June 16, 2023, (90 days after the Legislature adjourns) if signed into law.

## FISCAL IMPLICATIONS

According to the Office of Superintendent of Insurance, setting holding title insurance hearings costs between \$220 thousand and \$270 thousand per hearing including staff preparation, hearing officer, and retaining an attorney representing the public interest. OSI notes that the longer interval would reduce the number of hearings for an average cost savings of \$42 thousand per year. Though OSI is a non-general fund revenue agency, using fine and fee revenue for all operational costs, revenue not expended by the agency flows to the general fund. Therefore, the

additional operating cost table represents a small positive impact to the general fund. This analysis assumes that OSI would not hold a hearing in FY23 as required under current law if House Bill 9 were enacted, resulting in a savings of \$250 thousand to the general fund in FY23.

## **SIGNIFICANT ISSUES**

In agency analysis, OSI notes that in addition to saving the agency and title insurance companies money, HB79 would enable the OSI and the title insurance industry to better analyze economic and revenue trends for determining title insurance rates by spreading out the analysis of data over the longer interval.

The Superintendent retains the authority to hold hearings whenever “necessary or proper”, meaning the hearings can be held more frequently than every three years if OSI determines there is a pressing need, but they are only required to be held every three years. OSI also speculates that consumers would benefit from HB79 by having more time to participate in hearings over a longer interval.

## **ADMINISTRATIVE IMPLICATIONS**

OSI noted that the reduced number of hearings would free up time for hearing officers to focus on other rule making matters.

ADP/rl/ne/al