

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 1147 – HB 980

March 12, 2013

SUMMARY OF ORIGINAL BILL: Creates new class of limited lines business entity producer's license. Requires an owner of a self-storage facility to hold a limited lines business entity producer's license to sell coverage under a policy of self-service storage insurance. Creates various provisions governing such policies. Authorizes the Department of Commerce and Insurance (the Department) to charge up to \$1,000 for an initial self-service storage limited lines license and \$500 for a renewal. Any self-storage facility owner who violates these provisions will be fined up to \$500 for each violation, not to exceed \$5,000 in aggregate. Exempts this new class of insurer from the requirement to hold an insurance producer license. The license requirement will take effect on October 1, 2013.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Revenue - \$15,000/FY13-14
\$7,500/FY14-15 and Subsequent Years

SUMMARY OF AMENDMENT (003908): Specifies that self-service storage insurance may only be offered or sold on a periodic basis in connection with the rental of leased space at the self-service storage facilities and only with respect to personal property insurance on a master, corporate, commercial, group, or individual policy basis that provides coverage to an occupant at the facility for the loss of or damage to stored personal property. Makes various technical corrections. Changes the words "billed" and "billing" to the words "assessed" and "assessing" in regards to collection of charges for self-service storage insurance. Changes the effective date from October 1, 2013, to July 1, 2013.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- According to the Department, it is estimated that 15 of these new license types will be issued, resulting in an increase in state revenue of \$15,000 in FY13-14 (15 x \$1,000).
- In FY14-15 and subsequent years, it is estimated that renewals of licensure will result in fee revenue of \$7,500 (15 x \$500).

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- According to the Department, it will be required to create rules and regulations for this new licensing program; however, the Department will regulate such program similar to other types of limited lines insurance and can perform any additional tasks within existing resources. Any cost will not be significant.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Lucian D. Geise, Executive Director

/jdb