

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 172 - HB 531

March 24, 2015

SUMMARY OF ORIGINAL BILL: : Prevents a bank or other form of depository institution from requiring a debtor to procure insurance on the real property in an amount that exceeds the replacement cost of the structures existing on such property at the time the loan is entered.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

NOT SIGNIFICANT

SUMMARY OF AMENDMENT (004204): Establishes that, in the case of a construction or improvement loan, no insurance shall exceed the replacement value the structures are expected to have upon completion of the construction or improvements.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- Based on information provided by the Department of Commerce and Insurance (TDCI), any increase in consumer complaints experienced by the Division of Consumer Affairs, as a result of this legislation, can be handled by existing staff during regular work hours.
- Due to numerous unknown factors, any decrease in premium taxes remitted to TDCI resulting from this legislation is not able to be determined, but is assumed to be not significant.

IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumption for the bill as amended:

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- This legislation is estimated to have no significant impact on Tennessee-domiciled insurers with regards to premium taxes remitted to TDCI, nor will it significantly impact the number of civil penalties assessed against such insurers for committed violations.

CERTIFICATION:

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



Jeffrey L. Spalding, Executive Director

/jdb