

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 176 - SB 309

February 14, 2019

SUMMARY OF BILL: Authorizes multi-peril crop insurance adjusters to maintain a limited line producer license in lieu of a producer license.

ESTIMATED FISCAL IMPACT:

Decrease State Revenue – \$1,300/Department of Commerce and Insurance

Assumptions:

- According to the Department of Commerce and Insurance (DCI), multi-peril crop insurance adjusters are currently issued a property & casualty producer license in Tennessee.
- According to the United States Department of Agriculture (USDA) directory, 338 agents are licensed to write all crop insurance policies in Tennessee.
- Pursuant to Tenn. Code Ann. § 56-6-108(b), DCI verifies an insurance producer's license through any database maintained by the National Association of Insurance Commissioners (NAIC).
- After verifying a large sample of licensed agents from the USDA directory through the NAIC database, it is estimated that approximately half of crop insurance adjusters carry a property & casualty producer license, while the other half carry a crop-hail limited producer license.
- Pursuant to Tenn. Code Ann. § 56-6-121(2) and (3), insurance producer and limited line insurance producer license renewal fees are \$60 and \$30 respectively.
- Pursuant to Tenn. Code Ann. § 56-6-107(b)(1), insurance producer and limited line insurance producer licenses are effective for 24 months.
- It can be reasonably assumed that half of multi-peril crop adjusters, currently issued a property & casualty producer license, will subsequently renew licenses as a limited line producer to decrease business expenses. The other half is estimated to retain a property & casualty producer license.
- The recurring decrease in license revenue to DCI is estimated to be \$1,268 [((338 agents x 50% of total crop adjuster population) x 50% renewing as a limited line producer x \$30 fee decrease) / 2-year license].

IMPACT TO COMMERCE:

Decrease Business Expenditures - \$1,300

Assumption:

- It is estimated that half of multi-peril crop insurance adjusters, currently maintaining a property & casualty producer license, will renew as a limited line producer to decrease business expenditures subsequent to the proposed legislation. Therefore, the recurring decrease in business expenditures is estimated to be \$1,300.

CERTIFICATION:

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



Krista Lee Carsner, Executive Director

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