

Revised on 3/8/16 to reflect amendments adopted through 3/7/16.

**FISCAL NOTE**  
**LEGISLATIVE FISCAL ANALYST ESTIMATE**

<b>ESTIMATE OF FISCAL IMPACT – STATE AGENCIES</b> (See narrative for political subdivision estimates)				
	<b>FY 2016-17</b>		<b>FY 2017-18</b>	
	<b>EXPENDITURES</b>	<b>REVENUE</b>	<b>EXPENDITURES</b>	<b>REVENUE</b>
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

**Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.**

LB 772 provides for the Director of the Nebraska Department of Insurance to determine whether the director shall act as the group-wide supervisor of an international insurance group or if the Director may acknowledge another chief insurance regulatory official to act as the group-wide supervisor. If the director engages in group-wide supervision activities related to an international insurance group, the insurer is required to pay the reasonable expenses of the director’s participation, including the engagement of attorney’s, actuaries and any other professionals and all reasonable travel expenses.

The Department of Insurance indicates the bill compliments the current system used for the regulation of international insurers, so no additional expenditures or revenue is anticipated if the bill becomes law.

LB 772, as amended, includes the provisions of LB 819. The bill is the Corporate Governance Annual Disclosure Act which applies to all insurers domiciled in the state. The act requires insurer’s to annually file a summary of an insurer’s or insurance group’s corporate governance structure, policies and practices with the Department of Insurance (DOI). The Director of the DOI may retain, at the insurer’s expense, third-party consultants, including attorneys, actuaries, accountants and other experts not otherwise employed by the DOI to assist in reviewing the corporate governance annual disclosure and related information or the insurer’s compliance with the act. The bill provides a \$50 per day penalty, up to a maximum of \$10,000, for failing to file the annual disclosure. Fines accrue to the county where the fine is imposed for use by the public schools. The bill is operative on January 1, 2017.

The DOI indicates the new act will have no additional fiscal impact for the agency and can be handled with existing staff and resources. It is assumed that any fines assessed pursuant to the act will be minimal. The bill also provides governance standards for risk retention groups. These provisions have no fiscal impact for the DOI.

<b>ADMINISTRATIVE SERVICES-STATE BUDGET DIVISION: REVIEW OF AGENCY &amp; POLT. SUB. RESPONSES</b>			
LB: 772	AM:	AGENCY/POLT. SUB: Department of Insurance	
REVIEWED BY: Robin Kilgore		DATE: 1-19-16	PHONE: 471-4180
COMMENTS: Concur with agency estimate of fiscal impact.			

Please complete ALL (5) blanks in the first three lines.

**2016**

**LB<sup>(1)</sup> 772**

**FISCAL NOTE**

State Agency OR Political Subdivision Name: <sup>(2)</sup>

Nebraska Department of Insurance

Prepared by: <sup>(3)</sup> Robert M. Bell

Date Prepared: <sup>(4)</sup> January 15, 2016

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**ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION**

	<u>FY 2016-17</u>		<u>FY 2017-18</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

**Explanation of Estimate:**

No fiscal impact on the Nebraska Department of Insurance. The legislation provides the authority for the Director to act as the group-wide supervisor for an international insurance group. Because the legislation compliments the current system of international insurance regulation, the Department expects no additional expenditures or revenue from this proposal.

**BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE**

**Personal Services:**

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2016-17</u>	<u>2017-18</u>
	<u>16-17</u>	<u>17-18</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....			_____	_____
Operating.....			_____	_____
Travel.....			_____	_____
Capital outlay.....			_____	_____
Aid.....			_____	_____
Capital improvements.....			_____	_____
TOTAL.....			_____	_____