

**COMMONWEALTH OF KENTUCKY FISCAL NOTE STATEMENT  
LEGISLATIVE RESEARCH COMMISSION  
2019 REGULAR SESSION**

**MEASURE**

2019 BR NUMBER 1157

HOUSE BILL NUMBER 176 GA

**TITLE AN ACT** relating to surcharges on insurance policies.

**SPONSOR** Representative Adam Koenig

**FISCAL SUMMARY**

STATE FISCAL IMPACT:  YES  NO  UNCERTAIN

OTHER FISCAL STATEMENT(S) THAT MAY APPLY:  ACTUARIAL ANALYSIS  LOCAL MANDATE  CORRECTIONS IMPACT  HEALTH BENEFIT MANDATE

APPROPRIATION UNIT(S) IMPACTED: \_\_\_\_\_

FUND(S) IMPACTED:  GENERAL  ROAD  FEDERAL  RESTRICTED \_\_\_\_\_

<b>FISCAL ESTIMATES</b>	<b>2018-2019</b>	<b>2019-2020</b>	<b>ANNUAL IMPACT AT FULL IMPLEMENTATION</b>
<b>REVENUES</b>			
<b>EXPENDITURES</b>			
<b>NET EFFECT</b>			

( ) indicates a decrease/negative

**PURPOSE OF MEASURE:** This proposal, if enacted, will codify the current insurance premium surcharge rate of \$1.80 per each one hundred dollars (\$100) of premium, assessments, or other charges for insurance coverage provided by insurers to policy holders on risks located in Kentucky. This proposal also requires that all future rate adjustments be codified by the General Assembly and that all rate adjustments become effective ninety (90) days after the effective date of the General Assembly’s action.

**FISCAL EXPLANATION:** Currently the surcharge rate is adjusted by the Commissioner of Revenue to a rate calculated to provide sufficient funds for the uses and purposes of these funds and the adjusted rate takes effect six (6) months from the date that the commissioner of insurance notifies the affected insurers. The current rate of \$1.80 has been in effect since April 1, 2010. Prior to that date, the rate was \$1.50.

Receipts generated by the insurance premium surcharge are deposited in the Firefighters Foundation Program Fund under KRS 95A.220 and 95A.262 and the Law Enforcement Foundation Program Fund under KRS 15.430. Therefore, this proposal has no impact on the General Fund. The Firefighters Foundation Program Fund or the Law Enforcement Foundation Program Fund will not be impacted until such time as the General Assembly adjusts the rate.

**DATA SOURCE(S):**

**PREPARER:** Charlotte Quarles **NOTE NUMBER:** 121 **REVIEW:** JAB **DATE:** 3/5/2019

LRC 2019-BR1157-HB176GA