



FISCAL NOTE

House Bill 212

Committee: Insurance

Sponsor: Representative Steve Clouse

Analyst: Tiffany Weaver

Date: 04/05/2023

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House Bill 212 as reported by the Committee on Insurance would (1) decrease the administrative obligations of the Department of Insurance by transitioning the powers, duties, and functions of the Department relating to the regulation of endowment care, preneed sales contracts, and the licensing of preneed sales agents to the Alabama Board of Funeral Service; and (2) decrease receipts to the Insurance Department Fund by an estimated \$230,000 annually from receipts for preneed service fees and audit revenues. This bill will also decrease potential receipts to the State General Fund from fines levied by the Department. For fiscal years 2018-2022, the average amount collected from fines related to preneed services and deposited annually into the State General Fund was \$25,000.

In addition, this bill will increase the administrative and financial obligations of the Board by a board-estimated: (1) \$830,000 annually for the regulation of endowment care, preneed sales contracts and the licensing of preneed sales agents; (2) \$10,000 to update the Board's current database system to allow the public to search for preneed contracts and; (3) \$8,500 annually to increase the board membership by five additional members.

The increase in obligations of the Board may be offset, wholly or in part, by; (1) \$300,000 transferred annually by the Department to defray cost associated with the administration and operations of the provisions of this bill for fiscal years 2024-2027 unless extended by the Legislature; (2) initial and renewal application fees and other fees authorized or revised by this bill, which range from a minimum of \$33 annually to a maximum of \$198 by an undetermined amount dependent upon the level at which the Board establishes each application fee and the number of licensees or applicants and; (2) fees for special audits, charged by the Board as authorized by this bill, by an undetermined amount dependent upon the cost of the audit and the prorated compensation of board employees involved in the audit.

Also, this bill could increase receipts to the State General Fund and municipal general funds from fines; increase receipts to the State General Fund, county general funds, municipal general



funds, and other funds to which court costs are deposited; and could increase the obligations of the State General Fund, local jails, the district attorneys, the Department of Corrections, Bureau of Pardons and Paroles, and community corrections programs by an undetermined amount dependent upon the number of persons charged with and convicted of the offenses provided by this bill and the penalties imposed.