

PREPARED BY: Nikki Swope
 DATE PREPARED: February 24, 2023
 PHONE: 402-471-0042

LB 587

Revision: 00

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2023-24		FY 2024-25	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS	\$47,433		\$49,235	
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	\$47,433	See below	\$49,235	See below

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

LB 587 would create the Insurance Regulatory Sandbox Act. The Act would create a regulatory “sandbox” program within the Nebraska Department of Insurance (NDOI), which would allow a participant to temporarily test an innovative insurance product or service without obtaining a license or other authorization that otherwise might be required. The bill provides duties and obligations to NDOI as outlined in the bill.

NDOI anticipates a need for a .5 FTE financial examiner that would be dedicated to monitoring sandbox applicants and participants.

NDOI also anticipates annual revenue from the collection of \$50 per application filing fee as established by the bill; however, the revenue would be minimal and indeterminate.

There is no basis to disagree with these estimates.

ADMINISTRATIVE SERVICES STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE		
LB: 587	AM:	AGENCY/POLT. SUB: Department of Insurance
REVIEWED BY: Ryan Walton	DATE: 2/23/2023	PHONE: (402) 471-4174
COMMENTS: The Department of Insurance assessment of fiscal impact from LB 587 appears reasonable.		

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2023

LB⁽¹⁾ 587

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Department of Insurance

Prepared by: ⁽³⁾ Jordan Blades Date Prepared: ⁽⁴⁾ 2/21/23 Phone: ⁽⁵⁾ 402-471-1432

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2023-24</u>		<u>FY 2024-25</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	\$47,433		\$49,235	
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS	<u>\$47,433</u>	<u>De minimis</u>	<u>\$49,235</u>	<u>De minimis</u>

Explanation of Estimate:

LB 587 would create a “sandbox program” within the Department of Insurance, which would allow a participant to temporarily test an innovative insurance product or service without obtaining a license or other authorization that otherwise might be required.

NDOI is primarily a solvency regulator which applies specific regulatory standards adopted to avoid financial insolvency. NDOI has a dedicated financial examination team which reviews applications, those same individuals also monitor the continued financial solvency of the company.

In order to review the applicants for the sandbox program and monitor the solvency of participants, NDOI would need a 0.5 FTE financial examiner that would be dedicated to monitoring sandbox applicants and participants.

The department would also anticipate a small amount of revenue collected based on the \$50 application filing fee established in LB 587.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2023-24</u>	<u>2024-25</u>
	<u>23-24</u>	<u>24-25</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
Financial Examiner II	0.5	0.5	\$29,643	\$31,125
Benefits.....			\$15,666	\$15,890
Operating.....			\$2,124	\$2,220
Travel.....				
Capital outlay.....				
Aid.....				
Capital improvements.....				
TOTAL.....			<u>\$47,433</u>	<u>\$49,235</u>