



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0871
Author: Rankin
Subject: Automobile Insurance
Requestor: Senate Banking and Insurance
RFA Analyst(s): Stein and Dunbar
Impact Date: April 4, 2016

Estimate of Fiscal Impact

	FY 2016-17	FY 2017-18
State Expenditure		
General Fund	\$27,000	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	\$1,430,000	\$1,415,000
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	\$0	\$0

Fiscal Impact Summary

This bill is expected to have an annual expenditure impact of \$27,000 on the General Fund beginning in FY 2016-17. This bill would have no expenditure impact on Federal Funds or Other Funds.

This bill is expected to increase General Fund insurance premium tax revenue by \$1,415,000 and up to \$15,000 in one-time retaliatory filing fee revenue in FY 2016-17.

Explanation of Fiscal Impact

State Expenditure

The bill amends Section 38-77-30(1) to add underinsured motorist coverage to the definition of automobile insurance. The bill amends Section 38-77-150 to require that all automobile insurance policies contain a provision for underinsured motorists. This uninsured and underinsured motorist provision must provide for no less than twenty-five thousand dollars of coverage for injury to or destruction of the property of the insured in any one accident.

The Department of Insurance reports that this bill would place additional demands on the department in regard to processing the additional rate and rule filings from automobile insurers in order to comply with the bill. The department estimates that a General Fund expenditure of \$27,000 would be needed to cover the contractual cost of filing review analysis.

State Revenue

Section 2 of this bill would require motor vehicle insurers to provide underinsurance coverage. The Department of Insurance estimates that 754,662 vehicles currently do not have underinsured motorist coverage, which would increase automobile insurance premiums by \$150 annually. These increased premiums times the insurance premium tax rate of 1.25% would generate an additional \$1,415,000 in insurance premium tax revenue. There would also be a one-time \$15,000 increase in retaliatory filing fees. In total, there would be an additional \$1,430,000 in General Fund revenue in FY 2016-17. This bill would have no revenue impact to Federal or Other Funds.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director