



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
(803)734-0640 • RFA.SC.GOV/IMPACTS

Bill Number: S. 0579 Amended by the Senate on March 21, 2019
Author: Gambrell
Subject: Rate Filings for Insurers
Requestor: House Labor, Commerce, and Industry
RFA Analyst(s): Miller
Impact Date: June 24, 2019

Fiscal Impact Summary

This amended bill will have no expenditure impact on the Department of Insurance (DOI) because DOI anticipates being able to manage any oversight of changing insurance rates for private passenger automobiles within current appropriations.

This bill may increase or decrease insurance premium tax revenue because of the unknown potential rate changes beginning in FY 2020-21.

Explanation of Fiscal Impact

State Expenditure

This amended bill adds private passenger automobiles to the list of insurance coverage that may be increased or decreased by no more than seven percent of the current insurer's rate without prior approval on a file and use basis.

Currently a rate increase for private passenger automobiles is allowed only once every twelve months.

DOI provides approval for a change in insurance rates. This bill may result in a change in the number of approvals submitted to DOI as the bill allows some changes to be made without prior approval. DOI anticipates being able to manage any oversight of the rate changes within existing appropriations. Therefore, this bill will have no expenditure impact for DOI.

State Revenue

This bill allows an increase or decrease for private passenger automobile insurance coverage of no more than seven percent of the current insurer's rates. Currently, an insurance rate increase for private passenger automobiles is allowed only once every twelve months. This bill allows insurers to increase or decrease premiums for private passenger automobile insurance more frequently than is allowed under current law because any modification of less than seven percent may occur without prior approval. Insurance premium taxes are 1.25 percent of insurance premium and are split 2.25 percent to Other Funds and 97.75 percent to the General Fund. Because the potential increase or decrease in premiums is unknown the impact to insurance premium tax revenue is undetermined beginning in FY 2020-21.

Introduced on February 27, 2019

State Expenditure

This bill allows a rate increase for automobile rates no more frequently than every six months. Currently a rate increase is allowed only once every twelve months.

State Revenue

This bill allows an increase for automobile insurance rates no more frequently than every six months. Currently, an insurance rate increase is allowed only once every twelve months. This may result in an increase in premiums for automobile insurance as this bill is allowing rates to increase twice as frequently as is allowed under current law. Insurance premium taxes are 1.25 percent of insurance premium and are split 2.25 percent to Other Funds and 97.75 percent to the General Fund. Because the potential increase in premiums is unknown the increase to insurance premium tax revenue is undetermined beginning in FY 2019-20.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director