



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: S. 0539 Introduced on February 9, 2021
Author: Loftis
Subject: Removal of Title Insurance Commission Cap
Requestor: Senate Banking and Insurance
RFA Analyst(s): Miller
Impact Date: March 9, 2021

Fiscal Impact Summary

This bill will have no expenditure impact for the Department of Insurance (DOI) as it does not fiscally or materially alter the responsibilities of DOI.

This bill is not expected to result in an increase in General Fund and Other Funds insurance premium tax revenue, as the potential increase to title insurance premiums is expected to be minimal.

Explanation of Fiscal Impact

Introduced on February 9, 2021

State Expenditure

This bill allows a title insurer to pay a commission on a title insurance policy. Currently, a title insurer may pay a commission of no more than 60 percent on a title insurance policy. This bill eliminates the 60 percent cap on the commission payment on a title insurance policy.

This bill does not fiscally or materially alter the responsibilities of DOI. Therefore, this bill will have no expenditure impact for DOI.

State Revenue

This bill eliminates the 60 percent cap on the commission payment on a title insurance policy. As a commission is a portion of the premiums paid to a producer as compensation for his services, this bill may result in an increase in title insurance premiums. This increase is subject to the limitations specified in §38-75-970.

If this bill results in an increase in premiums, there will be a corresponding increase in insurance premium revenues. 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. However, DOI anticipates any increase to insurance premiums due to this bill will be minimal. Additionally, for the computation of retaliatory tax, pursuant to §38-7-90(D), title insurers may only include the title insurer's portion of the premium. As this bill alters the commission payment portion of premium, this bill should have no impact to the computation of retaliatory taxes. Therefore,

because the potential increase in premiums is minimal there is no anticipated increase to General Fund and Other Funds insurance premium tax revenue.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director