

FISCAL IMPACT STATEMENT ON BILL NO. **S.569, as Amended**

(Doc. No. 003insu.hm.td.docx)

---

TO: The Honorable William E. "Bill" Sandifer, III, Chairperson, House Labor, Commerce and Industry Committee  
FROM: State Budget Division, Budget and Control Board  
ANALYSTS: Stephen Gardner  
DATE: May 20, 2014 SBD: 2014249

---

AUTHOR: Senator Davis PRIMARY CODE CITE: 38-3-110  
SUBJECT: Competitive Insurance Act

---

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:  
A Cost to the General Fund (See Below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:  
\$0 (No additional expenditures or savings are expected)

---

**BILL SUMMARY:**

Senate Bill amends the Code of Laws of South Carolina, 1976, to enact the "Competitive Insurance Act" by amending Section 38-3-110, relating to duties of the Chief Insurance Commissioner, to provide that the Director must engage in efforts to provide market assistance and promote consumer education to coastal residential property insurance consumers. The Bill amends Section 38-7-200, relating to credits against premium tax, to define essential terms, and to provide that insurers may be eligible to receive a premium tax credit against the premium tax imposed by Section 38-7-20 on full coverage policies written outside of the coastal area. The Bill also amends Section 38-75-485, relating to the implementation of the South Carolina Hurricane Damage Mitigation Program by the Department, to provide that one percent of the premium taxes due to this State by brokers placing property insurance within the eligible surplus lines market and two percent of the premium taxes collected annually and remitted to the Department by insurers licensed to do business in South Carolina. Finally, the Bill amends Section 38-75-755, relating to notification of applicants or renewing policyholders of available credits, discounts, and deductions.

**EXPLANATION OF IMPACT:**

The Department of Insurance estimates that there will be a cost to the General Fund of approximately \$1,678,205 because of a shift in funds. Normally, these premiums go to the General Fund. However, for one year only, this Bill would allow the Department to use these funds for the Hurricane Mitigation – Safe Homes Program (Other Funds). Total costs include \$1,537,434, which is an additional one (1) percent of premium taxes, and, \$140,771 which is a one (1) percent tax on broker/surplus lines related to property.

**LOCAL GOVERNMENT IMPACT:**

None.

**SPECIAL NOTES:**

The Board of Economic Advisors is the appropriate entity to address any revenue impact associated with this Bill.

Approved by:



Brenda Hart  
Assistant Director, State Budget Division