



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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|------------------------|------------------------------|--------------------------------|
| Bill Number: | S. 0882 | Introduced on January 14, 2020 |
| Author: | Cromer | |
| Subject: | Flood Insurance | |
| Requestor: | Senate Banking and Insurance | |
| RFA Analyst(s): | Miller | |
| Impact Date: | January 23, 2020 | |

Fiscal Impact Summary

This bill will have no expenditure impact because the Department of Insurance will be able to manage any additional responsibilities within the normal course of business and within existing appropriations.

Additionally, this bill will increase the General Fund and Other Funds premium tax revenue by an undetermined amount, depending on any potential change in insurance premiums due to this bill.

Explanation of Fiscal Impact

Introduced on January 14, 2020

State Expenditure

This bill creates the South Carolina Private Flood Insurance Act, including outlining the Department of Insurance (DOI) responsibilities in monitoring and regulating the insurers and insurance policies. DOI anticipates this bill will have no fiscal impact to the agency as any additional responsibilities created by this bill for DOI can be managed within the normal course of business and within existing appropriations.

State Revenue

This bill creates the South Carolina Private Flood Insurance Act. This act allows for private insurers to offer various flood insurance options, so long as the insurance policies meet the standards set forth in this act. This bill may result in more private insurers offering various levels of flood insurance coverage in the state, which would impact the total amount of premiums paid within the state. As of 2017, the National Flood Insurance Program (NFIP) estimated 199,631 flood insurance policies in force in the state. NFIP is the largest provider for flood insurance in the state. According to the Department of Revenue (DOR), in Tax Year 2017, there were a total of 616,521 legal residences and commercial rental properties in the counties of Beaufort, Charleston, Georgetown, and Horry, the four counties with the most coast line in the state. There are other flood zone areas in the state outside of these four counties, however, RFA assumes these four counties would have the highest concentration of properties with the highest risk of flooding.

This bill may provide more options for flood insurance coverage, resulting in an increase in the number of flood insurance policies offered and purchased. The impact to premiums depends on the potential change to the number of policies offered and purchased. Insurance premium tax is

1.25 percent of insurance premiums and is split 97.75 percent of revenue to the General Fund and 2.25 percent to Other Funds. Therefore, any increase in insurance premiums will result in an increase in the General Fund and Other Funds premium tax revenue. However, as the increase to premiums is unknown, the potential impact to General Fund and Other Funds premium tax revenue is undetermined.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director