



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 0623 Introduced on March 2, 2021
Author: Gambrell
Subject: Automobile Insurance Filing Limitations
Requestor: Senate Banking and Insurance
RFA Analyst(s): Miller
Impact Date: March 11, 2021

Fiscal Impact Summary

This bill will have no expenditure impact for the Department of Insurance (DOI) because DOI anticipates being able to manage any additional rate change requests with existing staff and within existing appropriations.

This bill may increase or decrease insurance premium tax revenue because of the unknown potential rate changes beginning in FY 2021-22.

Explanation of Fiscal Impact

Introduced on March 2, 2021

State Expenditure

This bill modifies the requirements for automobile insurance rate increases and eliminates language pertaining to a report required on or before March 31, 2004. Currently, no automobile rate increase may be implemented without prior approval from the Director of DOI except one rate change within a twelve-month period that is within seven percent of the current rate and is implemented upon the onset of a new policy period, unless the insurer, at least 30 days before the end of the policy period, mails or delivers to the insured a written notice of the intention to change the rate and any rate change outside the seven percent language must have prior approval from the Director of DOI. This bill adds language specifying that no more than two rate increases, whether within the seven percent range or not, may occur within a twelve-month period. The second rate change within a twelve-month period must receive prior approval, even if the combined increase of the first and second rate change is within the seven percent change.

DOI stated that if the volume of rate increase requests increase significantly, 1.0 additional FTE may be needed to manage the increase. However, DOI does not anticipate the volume will increase so significantly and therefore, the agency believes it can manage any additional filing within existing appropriations and with existing staff. Therefore, this bill will have no expenditure impact for DOI.

State Revenue

This bill modifies the requirement for automobile rate increases. Depending on the number of requests DOI grants, this bill may result an increase or decrease in automobile insurance premiums, which will also increase insurance premium tax revenue. 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 2021-22.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director