

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 84 - HB 151

February 12, 2019

SUMMARY OF ORIGINAL BILL: Enacts the most recent adoption of the *Life and Health Insurance Guaranty Association Model Act (the Act)* by the National Association of Insurance Commissioners. Expands the assessment base for long-term care insurance (LTCI) insolvencies to include both life and health insurers and apportions the assessment 50/50 percent between the life and health insurance industries. Deletes provision from statute that excludes health maintenance organization (HMO) policyholders from insolvency protection under *the Act*.

FISCAL IMPACT OF ORIGINAL BILL:

NOT SIGNIFICANT

IMPACT TO COMMERCE OF ORIGINAL BILL:

Other Commerce Impact – Unknown fluctuations of business expenditures and revenue growth within the life and health insurance industries and the health care industry. Due to multiple unknowns, a reasonable commerce impact cannot be quantified.

SUMMARY OF AMENDMENT (003948): Deletes and replaces language of the bill without making any substantive changes to the legislation.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- The Department of Commerce and Insurance can review any member insurer insolvencies under *the Act* within existing resources.
- The proposed legislation will have no significant impact on claims or payments made from state or local government funds.

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IMPACT TO COMMERCE WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- It is presumed the health industry would be accountable for less of the guaranty fund obligations in light of an insolvent member insurer; however, any decrease in expenditures for the health care industry would be offset by an increase in expenditures incurred by the life insurance industry.
- Consumer HMO insurance policyholders will receive benefits in the case of a member insurer insolvency; however, it is unknown if participating HMO insurers will increase premiums.
- Business expenditures for participating HMO member insurers will increase; however, it is presumed that any expenditure will be offset by benefits provided from the guaranty fund in the case of insolvency.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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