



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number:	S. 0881	Signed by Governor on September 29, 2020
Author:	Cromer	
Subject:	Reinsurance	
Requestor:	Senate	
RFA Analyst(s):	Miller	
Impact Date:	November 20, 2020	

Fiscal Impact Summary

This bill will have no expenditure impact because the bill requires the Department of Insurance (DOI) to perform activities within the normal course of agency business.

Additionally, this bill may have an undetermined impact on the General Fund and Other Funds insurance premium tax revenue, depending on any potential change in insurance premiums due to this bill.

Explanation of Fiscal Impact

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State Expenditure

This bill further outlines credit requirements and other responsibilities of reinsurers relative to Act 172 of 2018. Act 172 of 2018 outlined new requirements for reinsurers to meet adequate financial capabilities to participate in the reinsurance market, among other changes. This bill includes direction for the Department of Insurance's (DOI) oversight for these reinsurers. 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 further outlines credit requirements and other responsibilities of reinsurers relative to Act 172 of 2018. Act 172 of 2018 outlined new requirements for reinsurers to meet adequate financial capabilities to participate in the reinsurance market, among other changes. Revenue and Fiscal Affairs anticipates this bill may affect the availability of insurance policies, which could impact the total amount of premiums paid within the state. 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 change in insurance premiums will result in a change in the General Fund and Other Funds premium tax revenue. However, as the change to premiums is unknown, the potential impact to General Fund and Other Funds premium tax revenue is undetermined.

Local Expenditure and Local Revenue

N/A

A handwritten signature in blue ink, reading "Frank A. Rainwater".

Frank A. Rainwater, Executive Director