

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 1547 - A**Seventy-Sixth Oregon Legislative Assembly – 2012 Regular Session
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Reviewed by: Steve Bender
Date: February 3, 2012**Summary of Expenditure Impact**

	2011-13 Biennium	2013-15 Biennium
Other Funds	100,326	197,191
Total Funds	\$100,326	\$197,191
Positions	1	1
FTE	0.50	1.00

Summary of Revenue Impact

	2011-13 Biennium	2013-15 Biennium
Other Funds	100,330	197,200
Total Funds	\$100,330	\$197,200

Measure Description:

Allows Director of Department of Consumer and Business Services to authorize captive insurers in this state.

Government Unit(s) Affected:

Department of Consumer and Business Services (DCBS)

Local Government Mandate:

This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

Analysis:

SB 1547 allows Director of Department of Consumer and Business Services to authorize captive insurers in Oregon and provides for the regulation of captive insurers. The bill has an emergency clause and is effective on passage.

The Department of Consumer and Business Services (DCBS) notes that “(t)here is no existing law allowing captive insurers to operate in Oregon. Captive insurers are entities that provide insurance coverage to their parent or affiliate. They do not provide insurance to non-affiliated entities. Currently, they must meet the same licensing requirements as other insurers. However, captive insurers are primarily formed to insure the loss exposures of the parent company and affiliates, and do not provide insurance coverage to outside parties.”

This bill would require DCBS to oversee the financial condition of captive insurers. This will require one Insurance Examiner position. DCBS assumes that the position would be filled on July 1, 2012 and would cost \$86,624 in the 2011-13 biennium. Other expenses of \$13,702 Other Funds include travel and training

costs of \$12,050 and services and supplies costs of \$1,652. Rulemaking costs would be absorbed by DCBS.

DCBS is supported by fees for the services it provides. DCBS estimates that there are approximately 10 captive insurers in Oregon and that an initial application fee of \$10,033 would be required. The annual renewal fee would be \$9,860. The fee would be adjusted to reflect the actual number of insurers.