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November 21, 2025

VIA EMAIL

Michael Wise, Director
South Carolina Department of Insurance
1201 Main St #1000
Columbia, SC 29201

RE: Committee Follow-up Questions

Dear Director Wise,

The Healthcare and Regulatory Subcommittee appreciates the Department of Insurance's continued engagement in the oversight process. Following our prior meetings and review of agency materials, the Subcommittee has compiled a series of questions reflecting members' areas of interest.

Please provide a written response to the enclosed questions by Friday, December 12, 2025.

Sincerely,

Rep. John R. McCravy, III
Subcommittee Chair

cc: Chairman Jeffrey E. "Jeff" Johnson

Title 38 – Insurance

Chapter 7 – Fees and Taxes

1. The fee amounts in Section 38-7-10 have not been substantively amended in decades. Does the Department believe the \$800 biennial license fee and the \$400 per-line fee still reflect the cost of regulating insurers in South Carolina? If not, what updates—if any—would the Department recommend?
2. Given the current flat licensing fee structure in Section 38-7-10, does the Department believe South Carolina should consider adopting a tiered license fee system in which insurers’ fees are based on the amount of premiums they collect in the state, and what advantages or drawbacks would the Department foresee with such an approach?
3. Given that the premium tax rates in Section 38-7-20(A)(1) have remained unchanged for decades, does the Department believe these rates still appropriately reflect the costs of regulating the insurance market and supporting the programs funded through the allocations in Section 38-7-20(B)?
4. Does the Department believe the current distribution allocation of premium tax revenue under Section 38-7-20(B)—which has directed one percent to the Forestry Commission, one percent to the V-SAFE program, one-quarter of one percent to regional EMS councils, and the remainder to the General Fund since July 1, 2013—remains appropriate, or should the General Assembly consider revising these allocations to better reflect present-day needs and priorities?
5. Does the Department believe the one-percent rate established in Section 38-7-30 remains adequate to fund the inspections, investigations, and related activities referenced in the statute, or have the costs of these functions outpaced the tax revenue generated?
6. Based on the Department’s experience administering Section 38-7-30, are there any statutory updates the Department would recommend—such as modifying the tax rate, revising allowable expenditures, updating the 50-percent distribution requirement, or modernizing reporting obligations—to ensure the tax continues to meet its intended purpose?
7. The \$175,000 transfer amount established in Section 38-7-35(A) has not been updated since its enactment in 1997.
 - Does the Department believe this funding level remains sufficient to support LLR’s building code enforcement officer training program, or should the General Assembly consider revising the statutory amount?
 - Section 38-7-30 currently directs fifty percent of the fire insurance tax to the Division of Fire and Life Safety within the Department of Labor, Licensing and Regulation to support its statewide responsibilities for fire prevention, inspections, code enforcement, and public safety training. Given that the SLED Arson Investigations Unit provides essential statewide services related to fire origin-and-cause investigations, supports criminal prosecutions, and delivers specialized training to local agencies in coordination with state academies, should the General Assembly consider amending Section 38-7-30 to include the Arson Investigations Unit as a funded entity?
8. Section 38-7-40 has not been substantively amended in decades. In the Department’s view, does the one-percent rate remain aligned with current regulatory, enforcement, and fire-safety system needs, or should the General Assembly consider updating the statute?
9. Does the Department believe that the additional one-percent fire premium tax in Section 38-7-40 overlaps with, complements, or is duplicative of the fire-related tax imposed under Section 38-7-30? Please explain any distinctions in purpose, use, or administration.
10. In the Department’s view, does the current two-and-one-half percent rate established in Section 38-7-50 remain appropriate in today’s workers’ compensation insurance market, particularly given that this section has not been substantively amended in more than thirty years, or should the General Assembly consider updating the tax rate or structure?