



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE
STATEMENT OF ESTIMATED FISCAL IMPACT
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Bill Number: S. 1042 Introduced on February 22, 2018
Author: Gambrell
Subject: Definitions
Requestor: Senate Banking and Insurance
RFA Analyst(s): Gable
Impact Date: March 5, 2018

Estimate of Fiscal Impact

	FY 2018-19	FY 2019-20
State Expenditure		
General Fund	\$0	\$0
Other and Federal	\$0	\$0
Full-Time Equivalent Position(s)	0.00	0.00
State Revenue		
General Fund	Undetermined	\$0
Other and Federal	\$0	\$0
Local Expenditure	\$0	\$0
Local Revenue	Undetermined	\$0

Fiscal Impact Summary

This bill would increase the broker’s premium tax revenue in the General Fund by an undetermined, minimal amount in FY 2018-19, dependent upon the number of individuals who would choose to purchase international major medical insurance through a broker.

This bill would increase the broker’s premium tax revenue for local revenue by an undetermined, minimal amount in FY 2018-19, dependent upon the number of individuals who would choose to purchase international major medical insurance through a broker. This bill would have no impact on Other or Federal Funds.

Explanation of Fiscal Impact

Introduced on February 22, 2018

State Expenditure

N/A

State Revenue

This bill adds international major medical insurance to those insurance policies in this State of risks located or to be performed in this State that may be purchased through licensed brokers with out-of-state insurers. As defined by the bill, international major medical insurance is a temporary health insurance policy that covers the expenses associated with illnesses or accidents that occur while traveling or when temporarily residing outside of a person’s home country. Insurance policies in this State of risks located or to be performed in this State that may be purchased through licensed brokers with out-of-state insurers are referred to as surplus line

insurance in the South Carolina Code of Laws. Currently, individuals are able to purchase short term insurance that may cover international travel through in-state insurers.

Department of Insurance. This bill is expected to have an undetermined minimal impact on the state revenue. As there are options for in-state short term insurance coverage for international travel, individuals would not choose to use the broker market, which would be more expensive for similar amounts of coverage. Those few who do choose to use the broker market would only minimally increase broker's premiums and broker's premium tax revenue. As we cannot determine how many individuals may choose to purchase international major medical insurance through the broker market, the increase in broker's premiums and broker's premium revenue is undetermined.

The broker's premium tax is six percent and is collected by the Department of Insurance. Two-thirds of the broker's premium tax is disbursed to the General Fund revenue quarterly and one-third is disbursed annually to the Municipal Association of South Carolina. The increase to the General Fund revenue would be undetermined, but minimal, as the increase would be four percent of the increased broker's premiums.

Public Employee Benefits Authority (PEBA). The State Health Plan is a self-funded insurance benefits program that is not defined as an insurer pursuant to State insurance laws. Therefore, this bill will not operationally or fiscally impact PEBA and would not have an impact on the General Fund, Federal Funds, or Other Funds.

Local Expenditure

N/A

Local Revenue

This bill adds international major medical insurance to surplus line insurance. This may cause a slight increase in broker's premiums and broker's premium taxes. However, as we cannot determine how many individuals may choose to purchase international major medical insurance through the broker market, the increase in broker's premiums and broker's premium revenue is undetermined. However, we anticipate only a few individuals would choose to do so as buying through the broker market is more expensive and in-state international medical insurance policies are likely sufficient to meet most needs.

The broker's premium tax is six percent and is collected by the Department of Insurance. One-third of this revenue is disbursed annually to the Municipal Association of South Carolina, who, in turn, distributes the funds to the municipalities based on the risks covered. The increase to local revenue would be undetermined, but minimal, as the increase would be two percent of the increase on broker's premiums.



Frank A. Rainwater, Executive Director