



SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE

STATEMENT OF ESTIMATED FISCAL IMPACT

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This fiscal impact statement is produced in compliance with the South Carolina Code of Laws and House and Senate rules. The focus of the analysis is on governmental expenditure and revenue impacts and may not provide a comprehensive summary of the legislation.

Bill Number: H. 3227 Introduced on January 14, 2025
Subject: Earthquake Insurance
Requestor: House Labor, Commerce, and Industry
RFA Analyst(s): Tipton
Impact Date: February 18, 2026

Fiscal Impact Summary

This bill requires all residential property insurance policies issued, delivered, or renewed in the state to offer the named insured coverage for loss or damage caused by an earthquake. If the coverage is declined, the bill requires the insured individual to sign a waiver provided by the insurer expressly declining the coverage.

This bill will have no impact on the Department of Insurance (DOI), as the agency indicates that it will oversee the bill's implementation with existing staff and resources.

This bill may increase insurance premiums tax revenue by an undetermined amount if additional residential property insurance policyholders elect to obtain earthquake coverage as a result of the notice and waiver requirements of the bill. Currently, premiums received by an insurance company for property and casualty insurance policies, including residential property insurance, are subject to a state insurance premiums tax of 1.25 percent, of which 2.25 percent is distributed to Other Funds and 97.75 percent is distributed to the General Fund. Any increase in premiums tax revenue will depend on the change to premiums due to this bill. As the increase in insurance premiums is unknown, the increase to General Fund and Other Fund revenues is undetermined.

Explanation of Fiscal Impact

Introduced on January 14, 2025

State Expenditure

This bill requires all residential property insurance policies issued, delivered, or renewed in the state to offer the policyholder coverage for loss or damage caused by an earthquake. The bill provides that the earthquake coverage may be provided in the policy of residential property insurance, either by specific policy provision or endorsement, or in a separate policy or certificate of insurance. The bill specifies language that must be provided in the offer of earthquake insurance to the insured, and if the coverage is declined, requires the insured individual to sign a waiver provided by the insurer expressly declining the coverage.

This bill will have no impact on DOI, as the agency indicates that it will oversee the bill's implementation with existing staff and resources.

State Revenue

This bill's requirement of express notice of earthquake coverage and waiver requirement if the coverage is declined may result in more homeowners electing to obtain earthquake insurance coverage as part of their residential property policy, which may increase homeowners' insurance premiums and may subsequently increase insurance premiums tax revenue.

Currently, premiums received by an insurance company for property and casualty insurance policies, including residential property insurance, are subject to a state insurance premiums tax of 1.25 percent, of which 2.25 percent is distributed to Other Funds and 97.75 percent is distributed to the General Fund. Any increase in premiums tax revenue will depend on the change to premiums due to this bill. As the increase in insurance premiums is unknown, the increase to General Fund and Other Fund revenues is undetermined.

Local Expenditure

N/A

Local Revenue

N/A



Frank A. Rainwater, Executive Director