



**SOUTH CAROLINA REVENUE AND FISCAL AFFAIRS OFFICE**  
**STATEMENT OF ESTIMATED FISCAL IMPACT**  
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<b>Bill Number:</b>	H. 3755	Amended by the Senate on May 7, 2019
<b>Author:</b>	Sandifer	
<b>Subject:</b>	Auto Insurance Coverage	
<b>Requestor:</b>	Senate Banking and Insurance	
<b>RFA Analyst(s):</b>	Miller	
<b>Impact Date:</b>	June 11, 2019	

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### **Fiscal Impact Summary**

This bill will have no expenditure impact on the Department of Insurance (DOI) because it is in the normal course of business for DOI to review insurers' documentation when a complaint is filed and to issue guidance to the insurance industry.

Additionally, this bill as amended will have no expenditure impact on the Governor's Office or the Senate as the clarifications reflect current interim appointment practices and do not alter the roles and responsibilities of the Governor and the Senate.

### **Explanation of Fiscal Impact**

#### **Amended by the Senate on May 7, 2019**

##### **State Expenditure**

This bill defines reduction of coverage to include the removal of coverage, less coverage, or the addition of an exclusion made by the insurer for purposes of automobile insurance. Additionally, the insurer does not have to provide notice of cancellation if it has manifested a willingness to renew a policy with a reduction in coverage so long as notice of the reduction is provided and meets the requirements as outlined in the bill. DOI's director or his designee will be provided the notice of reduction of coverage upon request when investigating a consumer complaint or when otherwise requested. Also, the director or his designee may issue guidance to an insured or to the industry regarding the form and contents of the notice of reduction of coverage in response to consumer inquiries or complaints. Currently, an insurer is not required to provide notice or a reduction in policy coverage.

Additionally, this bill as amended clarifies the procedure for an interim appointment made by the Governor when an office that is normally filled by an appointment of the Governor with the advice and consent of the Senate becomes vacant during the interim period between regular legislative sessions. Since the clarifications reflect current interim appointment practices and do not alter the roles and responsibilities of the Governor and the Senate, this bill will have no impact to the General Fund.

##### **State Revenue**

N/A

##### **Local Expenditure**

N/A

**Local Revenue**

N/A

**Amended by the House or Representatives on March 19, 2019****State Expenditure**

This bill defines reduction of coverage to include the removal of coverage, less coverage, or the addition of an exclusion made by the insurer for purposes of automobile insurance. Additionally, the insurer does not have to provide notice of cancellation if it has manifested a willingness to renew a policy with a reduction in coverage so long as notice of the reduction is provided and meets the requirements as outlined in the bill. DOI's director or his designee will be provided the notice of reduction of coverage upon request when investigating a consumer complaint or when otherwise requested. Also, the director or his designee may issue guidance to an insured or to the industry regarding the form and contents of the notice of reduction of coverage in response to consumer inquiries or complaints. Currently, an insurer is not required to provide notice or a reduction in policy coverage.

DOI anticipates being able to manage any responsibilities arising from the need to request and review notices of reduction of coverage and providing guidance to the insurance industry as these are actions within the normal scope of business for DOI. Therefore, this bill will have no expenditure impact on DOI.

**State Revenue**

N/A

**Local Expenditure**

N/A

**Local Revenue**

N/A



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Frank A. Rainwater, Executive Director