

SUBJECT: Raising insurance assessment for volunteer firefighters assistance program

COMMITTEE: Ways and Means — favorable, without amendment

VOTE: 7 ayes — Keffer, Ritter, Otto, Bonnen, Paxton, Peña, Pitts
0 nays
2 absent — Y. Davis, Flores

WITNESSES: For — (*Registered, but did not testify:* Chris Barron, State Firemen's and Fire Marshals' Association)
Against — None
On — James B. Hull, Texas Forest Service

BACKGROUND: In 2001, the 77th Legislature enacted HB 2604 by McReynolds to create the Rural Volunteer Department Assistance Program, which is administered by the Texas Forest Service and funded by an assessment on property and casualty insurers.

The comptroller assesses insurers a total of \$15 million per year, which is determined based on the insurers' net direct premium relative to the aggregate net direct premiums of all insurers in the state for the 12-month assessment period. Insurers can claim the assessment amount as an expense in their rate filings or pass the charge on to policyholders.

Under Insurance Code, sec. 2007.009, the program is scheduled to expire on September 1, 2011.

DIGEST: HB 2868 would increase the assessment on insurers to \$30 million for a 12-month period and repeal the provision that would eliminate the program in 2011 (Insurance Code, sec. 2007.009).

The bill would take effect September 1, 2007.

SUPPORTERS SAY: HB 2868 would expand a successful program that has helped provide equipment and training to volunteer firefighters throughout the state. Since

its inception on September 1, 2002, the program has placed in service more than 830 fire trucks, provided more than 875 units of rescue gear, provided firefighter protective clothing to an estimated 20,000 firefighters, and helped train approximately 16,000 firefighters. By doubling its annual income from insurance assessments, the bill would help the program meet unfulfilled requests, which include a four-year waiting list of applicants for a first-time request for a fire truck.

The assessment is a good investment for insurers because volunteer firefighters save many more dollars and lives each year than the cost of the assessment for this program. The annual assessment is spread over a policy base of billions of dollars in premium income, and it can be recouped by listing it as an expense in rate filings.

OPPONENTS
SAY:

No apparent opposition.

NOTES:

According to the fiscal note, the bill would generate an additional \$15 million per year to the Volunteer Fire Department Assistance Fund, with an additional \$30 million in fiscal 2012 reflecting the repeal of the September 1, 2011, Sunset provision for the assessment.