

OFFICE OF FISCAL ANALYSIS

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HB-7038

AN ACT REQUIRING A STUDY OF THE FEASIBILITY OF ESTABLISHING A CAPTIVE INSURANCE COMPANY OR USING PARAMETRIC INSURANCE TO PROVIDE FINANCIAL ASSISTANCE TO FARMERS IMPACTED BY THE EFFECTS OF SEVERE WEATHER.

OFA Fiscal Note

State Impact:

| Agency Affected | Fund-Effect | FY 26 \$ | FY 27 \$ |
|-----------------|-------------|--------------------|----------|
| Insurance Dept. | IF - Cost | 55,000 - 65,000 | None |

Note: IF=Insurance Fund

Municipal Impact: None

Explanation

The bill requires the Insurance Department to conduct a feasibility study for establishing a captive insurance company or using parametric insurance to provide financial assistance to farmers impacted by severe weather. This results in a one-time cost of \$55,000 to \$65,000 to the Insurance Fund in FY 26 associated with hiring a contractor to complete the study by February 1.

The Out Years

The cost is one-time in nature and does not result in a fiscal impact in the out years.