

NEW HAMPSHIRE
INSURANCE DEPARTMENT
November 23, 2020

House Ways & Means Joint with Senate Ways & Means
GENERAL FUND REVENUE

CURRENT REVENUE PROJECTIONS

The Insurance Department's current revenue projections are as follows

Description	FY 2021 Authorized budget	FY 2021 Projected Revenue updated 5/27/2020
PREMIUM TAX LIABILITY	\$115,200,000	\$114,000,000
PREPAYMENT APPLIED	(112,400,000)	(115,200,000)
PREPAYMENT FOR FOLLOWING YEAR	115,200,000	114,000,000
NON-ADMITTED MARKET PREMIUM TAX	<u>4,000,000</u>	<u>4,600,000</u>
PREMIUM TAX REVENUE	\$122,000,000	\$121,800,000
LICENSE FEES AND PENALTIES	16,500,000	18,000,000
RSA 400-A:32 III (b) FUNDING GRANITE HEALTH TRUST FUND	(7,600,000)	(7,200,000)
TOTAL CASH BASIS	<u>\$130,900,000</u>	<u>\$128,200,000</u>

As reported in the October Revenue Focus, the fiscal year to date Insurance revenue is \$10.0 million which is \$2 million above the plan. The favorable variance is attributed to fee revenue.

The fee revenue is \$1.540 million greater than 2020 fiscal year. Approximately \$1.146 million and \$394 thousand are attributed to producer and adjuster license fees, respectively. From July 1st to October 31st, there have been new licenses issued to 2,969 adjusters and 10,892 producers.

In May, the Insurance Department updated the FY 2021 revenue to reflect auto Insurance "paybacks", workers' compensation premium impacted by the reduction in payroll during pandemic, and a shift in the health premium from the marketplace to the Granite Advantage Health Care Program.

In the property and casualty market, it is expected that the auto market will increase rates beginning in the spring of 2021 which will affect the revenues for FY 2022 and 2023. Homeowners and commercial rates continue to rise. The increase in homeowners and commercial property combined with increase property values should move premium revenues as before the recession. The Department does not have reason to believe that the wild fires and flooding that have occurred in other states will have any noticeable effect on the New Hampshire insurance market. There may be an increase in reinsurance costs for our carriers but that factor is a very small part in the ultimate premium charged outside the areas affected.

Insurers filed rates for 2021 with considerable uncertainty as to what health costs, utilization and enrollment will look like next year. In 2020, many insurers have provided premium relief and/or voluntarily waived cost-sharing for COVID-19 treatment for their members due to excessive profits and low medical loss ratios during the pandemic. Our projections for fiscal year 2022 and 2023 reflected that the health market will continue to see movement between the various Affordable Care Act plans as well as Granite Advantage Health Care and Medicaid.