

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4123-01
Bill No.: HB 1724
Subject: Insurance - Automobile
Type: Original
Date: January 4, 2018

Bill Summary: This proposal increases the required amount of liability insurance for damage to property from \$10,000 to \$20,000.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 5 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Total Estimated Net Effect on FTE	0	0	0

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2019	FY 2020	FY 2021
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance, Financial Institutions and Professional Registration, Department of Transportation, Department of Public Safety - Missouri Highway Patrol and Office of Administration** each assume the proposal will have no fiscal impact on their respective organizations.

Officials at the **Department of Revenue** assume the following regarding this proposal:

§105.1073

Increases insurance liability coverage on government vehicles to \$20,000 for injury or destruction of property due to any one accident.

§303.020

Changes the definition of "Proof of financial responsibility" to reflect the increase of liability limits for destruction of property from \$10,000 to \$20,000.

§303.030

Increases the minimum liability insurance coverage required for property damage from \$10,000 to \$20,000 when a Power of Attorney is executed on behalf of an insurance company that is not authorized to write insurance policies in the state of Missouri.

§303.120

Increases the amount deemed to satisfy a court judgment rendered against an uninsured motorist for damages caused in a motor vehicle accident.

§303.190

Increases the minimum liability insurance coverage required for destruction of property caused in a motor vehicle accident.

Administrative Impact

The proposed legislation will result in changes to the accident processing area and self-insurance program by increasing the amount of security that will be required for an uninsured motorist accident and self-insurance certificates.

ASSUMPTION (continued)

Administrative Impact (continued)

To implement the proposed changes, the Department will be required to:

- Update procedures, forms, the Department website;
- Update the Missouri Driver's Guide;
- Create a notification to self-insured entities and Insurance Powers of Attorney; and
- Train staff.

FY 2019 - Driver License Bureau

Management Analysis Spec II	80 hrs. @ \$20.57 per hr.	= \$1,646
Revenue Manager Band I	40 hrs. @ \$25.05 per hr.	= <u>\$1,002</u>
Total		= \$2,648

FY 2019 - Personnel Services Bureau

Administrative Analyst III	20 hrs. @ \$19.43 per hr.	= \$ 389
Management Analysis Spec I	40 hrs. @ \$18.42 per hr.	= <u>\$ 737</u>
Total		= \$1,126

Total Cost = **\$3,774**

The Department assumes it will be able to absorb the above listed costs. If multiple bills pass which require Department resources and updates, the Department could request additional FTE and related equipment and expenses through the appropriation process.

<u>FISCAL IMPACT - State Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2019 (10 Mo.)	FY 2020	FY 2021
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses which have to purchase automobile insurance could be affected by this proposal.

FISCAL DESCRIPTION


The proposed legislation appears to have no direct fiscal impact.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Transportation
Department of Public Safety - Missouri Highway Patrol
Office of Administration
Department of Revenue

Ross Strobe



Acting Director
January 4, 2018