

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0330-01  
Bill No.: SB 151  
Subject: Motor Vehicles; Insurance - Property; Insurance Department  
Type: Original  
Date: January 3, 2001

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**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON STATE FUNDS</b>                          |                        |            |            |
|---|------------------------|------------|------------|
| FUND AFFECTED   | FY 2002                | FY 2003    | FY 2004    |
| Insurance Dedicated   | \$0 to \$13,550        | \$0        | \$0        |
|   |                        |            |            |
| <b>Total Estimated<br/>Net Effect on <u>All</u><br/>State Funds</b> | <b>\$0 TO \$13,550</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                          |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2002    | FY 2003    | FY 2004    |
| None  |            |            |            |
|   |            |            |            |
| <b>Total Estimated<br/>Net Effect on <u>All</u><br/>Federal Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED                              | FY 2002    | FY 2003    | FY 2004    |
| <b>Local Government</b>                    | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 3 pages.

## FISCAL ANALYSIS

### ASSUMPTION

Officials from the **Department of Insurance (INS)** state the market conduct staff would include a proposal in review of company files during examinations. INS also states the implementation of this proposal would be absorbed by existing staff. INS estimates maximum one-time revenues for the Insurance Dedicated Fund from form filings of \$0 to \$13,550 (271 private passenger insurers x \$50 filing fee).

| <u>FISCAL IMPACT - State Government</u> | FY 2002<br>(10 Mo.) | FY 2003 | FY 2004 |
|---|---------------------|---------|---------|
|---|---------------------|---------|---------|

### **INSURANCE DEDICATED FUND**

|                                   |                        |            |            |
|-----------------------------------|------------------------|------------|------------|
| Revenue - Department of Insurance |                        |            |            |
| Filing fees                       | <u>\$0 to \$13,550</u> | <u>\$0</u> | <u>\$0</u> |

|   |                               |                   |                   |
|---|-------------------------------|-------------------|-------------------|
| <b>ESTIMATED NET EFFECT ON<br/>INSURANCE DEDICATED FUND</b> | <b><u>\$0 to \$13,550</u></b> | <b><u>\$0</u></b> | <b><u>\$0</u></b> |
|---|-------------------------------|-------------------|-------------------|

| <u>FISCAL IMPACT - Local Government</u> | FY 2002<br>(10 Mo.) | FY 2003    | FY 2004    |
|---|---------------------|------------|------------|
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

### FISCAL IMPACT - Small Business

Small businesses would be expected to be fiscally impacted to the extent of additional administrative requirements as a result of this proposal.

### DESCRIPTION

This proposal would prohibit auto insurers from placing an applicant in a high-risk category simply because the applicant has not had prior automobile insurance coverage due to military service. An insurer, however, may place the applicant in a high-risk category if the applicant's driving record indicates he or she is a high risk. Any insurer violating this proposal would be guilty of an unfair trade practice.

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

MW:LR:OD (12/00)

SOURCES OF INFORMATION

Department of Insurance

A handwritten signature in black ink, appearing to read "Jeanne Jarrett". The signature is stylized with a large initial "J" and a cursive script.

Jeanne Jarrett, CPA  
Director

January 3, 2001