

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4729-02
Bill No.: Truly Agreed To And Finally Passed HCS for SB 1299
Subject: Insurance - Property; Insurance Dept.
Type: Original
Date: May 19, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</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 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Office of Administration (COA) - Division of General Services/Risk Management, Office of State Courts Administrator, Missouri Consolidated Health Care Plan, Department of Public Safety (DPS)- Missouri State Water Patrol, Department of Labor and Industrial Relations and Missouri Department of Conservation** assume the proposal would have no fiscal impact on their organizations.

Officials from the **DPS - Missouri State Highway Patrol** defer to the Missouri Department of Transportation for response regarding the fiscal impact of the proposal on their organization.

Officials from the **Department of Insurance (INS)** state sections 375.772 to 375.1220, 379.110 and 379.815 have no fiscal impact in the INS.

The INS states section 384.062 and the removal of the bond requirement may impact the collection of taxes from surplus lines brokers. The INS has utilized this requirement 3 or 4 times over the past years and collected taxes that would not otherwise have been paid. The INS hasn't utilized the bonds for payment of taxes in the past year, so a minimal fiscal impact is estimated at this time.

ASSUMPTION (continued)

Officials from the **Missouri Department of Transportation (DOT)** did not respond to our request for a statement of fiscal impact. However, in response to similar proposals, the DOT assumed the proposal would have no fiscal impact on the DOT or the Highway and Patrol Medical Plan.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
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	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
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FISCAL IMPACT - Small Business

This proposal may impact small businesses that own residential property if they choose to increase the liability insurance on the property.

DESCRIPTION

This proposal changes the laws governing insurance and amends provisions of the Property and Casualty Insurance Guaranty Association Act. The proposal:

- (1) Expands the guaranty association's obligations for claims arising from bodily injury, sickness, or disease to include damages for pain and suffering;
- (2) Adds provisions establishing the guaranty association's obligations for insurance products that have been created during the past several years; and
- (3) Clarifies provisions regarding the administration of the guaranty fund to comply with the recommendations of the National Conference on Insurance Guaranty Funds.

In other provisions governing insurance, the proposal:

- (1) Changes the definition of "renewal" as it relates to automobile insurance. Any automobile insurance policy with a term of less than six months or with no fixed expiration date will be considered a six-month policy. Under current law, the default term is 12 months;

DESCRIPTION (continued)

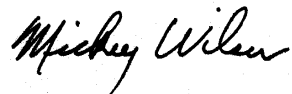
- (2) Repeals the bond requirement for acquiring a license to sell surplus lines of insurance; and
- (3) Increases from \$100,000 to \$200,000 the maximum limit of liability on a residential property in the Missouri Basic Property Insurance Inspection and Placement Program.

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

Office of Administration -
 Division of General Services/Risk Management
Office of State Courts Administrator
Department of Labor and Industrial Relations
Department of Public Safety -
 Missouri State Highway Patrol
 Missouri State Water Patrol
Missouri Consolidated Health Care Plan
Department of Insurance
Missouri Department of Conservation

NOT RESPONDING: Missouri Department of Transportation



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Director

L.R. No. 4729-02
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Page 5 of 5
May 19, 2004

May 19, 2004