

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0949-03
Bill No.: SCS for SB 223
Subject: Insurance - Automobile; Motor Vehicles; Roads and Highways; Transportation;
 State Treasurer
Type: Original
Date: March 2, 2017

Bill Summary: This proposal increases the minimum motor vehicle liability coverage a driver must carry for others' property when operating a motor vehicle.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
Total Estimated Net Effect on General Revenue	\$0	\$0	\$0

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2018	FY 2019	FY 2020
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 2018	FY 2019	FY 2020
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Revenue (DOR)** state the following regarding this proposal:

§105.1073

Applies to the limits of liability for state-controlled motor vehicles.

§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 \$25,000.

§303.022

A new section that allows coverage issued or renewed prior to July 1, 2018 under the current limits of liability to be acceptable proof for the remainder of the term of the policy.

§303.030

Increases the limits of liability for property damage from \$10,000 to \$25,000 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 crash.

§303.190

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

§303.240

Increases the amount of cash or other securities that may be deposited as proof of financial responsibility in lieu of a liability insurance policy.

ASSUMPTION (continued)

Administrative Impact

Driver License Bureau (DLB) FY 2018

The proposed legislation will result in changes to the accident processing area and self-insurance program by increasing the amount of security that can be required for an uninsured motorist accident and self-insurance certificates. This will also result in existing self-insured individuals being required to deposit additional securities to be compliant with the new limits of liability (\$75,000). The Department will be required to make changes to existing procedures, training of staff, and notifications sent to Missouri's self-insured entities and Insurance Power of Attorneys.

Procedure changes, training, and notifications:

Management Analysis Spec II - 80 hours @ \$23.61 =	\$1,889
Revenue Band Manager I - 40 hours @ \$25.93 =	\$1,037

The following revisions will also be required:

- Forms
- Website
- Driver Guide

Administrative Analyst III - 20 hours @ \$22.59 =	\$452
Management Analysis Spec I - 40 hours @ \$20.94 =	\$838
Revenue Band Manager I - 40 hours @ \$25.93=	<u>\$1,037</u>
Total Administrative Cost	\$5,253

In summary, DOR assumes a cost of \$5,253 to implement the changes required by this proposal.

Oversight assumes DOR is provided with core funding to handle a certain amount of activity each year. Oversight assumes DOR could absorb the costs related to this proposal.

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

<u>FISCAL IMPACT - State Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2018 (10 Mo.)	FY 2019	FY 2020
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Small businesses who have to increase coverage would pay higher insurance premiums.

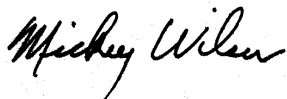
FISCAL DESCRIPTION

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



Mickey Wilson, CPA
Director
March 2, 2017

Ross Strobe
Assistant Director
March 2, 2017