

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4672-01  
Bill No.: Truly Agreed To and Finally Passed SB 708  
Subject: Insurance - Automobile; Motor Vehicles; Roads and Highways; Transportation;  
 State Treasurer  
Type: Original  
Date: June 6, 2018

---

Bill Summary: This proposal modifies provisions relating to motor vehicle financial responsibility.

**FISCAL SUMMARY**

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

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

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 6 pages.

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

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

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

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

## FISCAL ANALYSIS

### ASSUMPTION

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

#### §105.1073

Increases insurance liability coverage on government vehicles to \$25,000 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 \$25,000.

#### §303.022

The proposed language allows coverage issued or renewed prior to July 1, 2019, under the current limits of liability to be acceptable proof for the remainder of the term of that policy.

#### §303.030

Increases the minimum liability insurance coverage required 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 accident.

#### §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 a cash or other securities that may be deposited as proof of financial responsibility from \$60,000 to \$75,000.

#### §379.110

Adds a definition for the "Reduction in Coverage" and removes language regarding "renew" or "to renew" issuance and delivery of a policy.

ASSUMPTION (continued)

§379.118

Requires the insurer to provide notification of the reduction in coverage no less than fifteen days prior to the effective date of the proposed reduction.

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. This will also result in existing self-insured individuals being required to deposit additional securities in order to be compliant with the new limits of liability provision of \$75,000.

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.

ASSUMPTION (continued)

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

<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 that have to purchase automobile insurance may be impacted by this proposal.

FISCAL DESCRIPTION

The proposed legislation increases the minimum motor vehicle liability coverage a driver must carry for others' property when operating a motor vehicle.

These provisions have an effective date of July 1, 2019.

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

L.R. No. 4672-01  
Bill No. Truly Agreed To and Finally Passed SB 708  
Page 6 of 6  
June 6, 2018

SOURCES OF INFORMATION

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

Ross Strope

A handwritten signature in black ink, appearing to read "Ross Strope", with a stylized flourish at the end.

Acting Director  
June 6, 2018