

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1801-03
Bill No.: Perfected SS for SCS for SBs 433 & 248
Subject: Alcohol; Liability
Type: Original
Date: April 10, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
Total Estimated Net Effect on <u>All</u> State Funds	\$0	\$0	\$0

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

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Local Government	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
 This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

In response to legislation regarding dram shop liability from earlier this session, officials of the **Office of Prosecution Services, Department of Public Safety - Division of Liquor Control, Missouri Highway Patrol, Office of the State Courts Administrator** and the **Office of the State Public Defender** each assumed the proposal would not fiscally impact their respective agencies.

Officials from the **Department of Insurance (INS)** state that this legislation requires review and approval of premium rates for dram shop liability coverage required to be in a separate rider and charged a separate premium. There are approximately 110 companies who currently write liquor liability coverage. These companies would be required to provide this coverage in a separate rider with separate premiums charged. Legislation does not provide criteria by which the rates are approved. Without a standard specified, INS assumes that we would review the riders and premiums for reasonableness. Additional Actuarial and Research Analyst staff time will be required to conduct these reviews. INS anticipates that this could be absorbed with existing staff given the number of companies and only a general review for reasonableness. If more companies chose to provide this coverage, or if the review and approval of rates involves more than the standard review for reasonableness additional staff may need to be requested by INS.

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

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

FISCAL IMPACT - Small Business

Small businesses that sell intoxicating beverages by the drink might benefit from different insurance premiums.

DESCRIPTION

RAS:LR:OD (12/00)

This proposal addresses "dram shop" liability. The proposal deletes current language in the revised statutes regarding dram shop liability provisions and replaces it with stipulations regarding insurance coverage of establishments licensed to sell liquor by the drink.

The proposal states that any insurance company who sells liability insurance which provides coverage for dram shop liability shall provide such coverage in a separate rider and charge a separate premium for such coverage. The rates for such insurance coverage shall be reviewed and approved by the director of the department of insurance.

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
Office of the State Courts Administrator
Office of Prosecution Services
Office of the State Public Defender
Department of Public Safety
 Liquor Control
 Missouri Highway Patrol



Jeanne Jarrett, CPA
Director
April 10, 2001