

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 2051-01
Bill No.: SB 533
Subject: Insurance - Automobile
Type: Original
Date: March 12, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
Insurance Dedicated	\$14,050	\$0	\$0
Total Estimated Net Effect on <u>All</u> State Funds	\$14,050	\$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 4 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance (INS)** states that insurers would be required to file new rating plans to incorporate the motor vehicle accident prevention course credit. INS estimates 281 insurers would have form filing fees of \$50 for a total of \$14,050 to the Insurance Dedicated Fund.

Office of Secretary of State (SOS) officials state this proposal would allow for premium reductions, in certain cases, when senior citizens take an auto safety course. SOS states that based on experience with other divisions, the rules, regulations, and forms issued by the Department of Insurance could require as many as 6 pages in the Code of State Regulations. For any given rule, roughly half again as many pages are published in the Missouri Register in the Code because cost statements, fiscal notes, and the like are not repeated in Code. These costs are estimated. The estimated cost of a page in the Missouri Register is \$23. The estimated cost of a page in the Code of State Regulations is \$27. The actual cost (\$369) could be more or less than the numbers given. The fiscal impact of this proposal in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded, or withdrawn.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple proposals pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process. Any decisions to raise fees to defray costs would likely be made in subsequent fiscal years.

Officials from the **Department of Revenue (DOR)** assume the proposal would create new provisions for certain aggressive driving offenses. Anyone who would violate these types of offenses would be guilty of a felony. As such, twelve points would be assessed to the individual's driving record and he or she must complete a driving school before being reinstated.

ADMINISTRATIVE IMPACT

DIVISION OF MOTOR VEHICLES AND DRIVER LICENSING

Driver and Vehicle Services Bureau

In order to develop a program to approve accident prevention programs, the Driver and Vehicle Services Bureau would require the services of one Management Analyst Specialist I and one Clerk Typist II. The functions performed by these employees would be site evaluations and audits of accident prevention programs, certification of programs which are approved, renewal and re-certification of such courses on a period basis.

ASSUMPTION (continued)

STATE DATA CENTER

The State Data Center would incur costs of \$5,000 in order to implement the requirements of this legislation.

Oversight assumes that DOR could absorb with existing resources.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
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INSURANCE DEDICATED FUND

Income - Department of Insurance

Form filing fees	<u>\$14,050</u>	<u>\$0</u>	<u>\$0</u>
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ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$14,050</u>	<u>\$0</u>	<u>\$0</u>
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<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

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal would require auto insurers to provide an appropriate reduction in premium charges for insured drivers age 55 or older who have completed an approved motor vehicle accident prevention course. Such premium reductions would not required in cases where the driving course is mandated by a court, or when a premium reduction would not be actuarially sound.

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
Department of Revenue
Office of Secretary of State

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

Jeanne Jarrett, CPA
Director

March 12, 2001