

FISCAL NOTE
Requested by Legislative Council
01/17/2007

Bill/Resolution No.: HB 1442

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

| | 2005-2007 Biennium | | 2007-2009 Biennium | | 2009-2011 Biennium | |
|----------------|--------------------|-------------|--------------------|-------------|--------------------|-------------|
| | General Fund | Other Funds | General Fund | Other Funds | General Fund | Other Funds |
| Revenues | | | | | | |
| Expenditures | | | | | | |
| Appropriations | | | | | | |

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

| 2005-2007 Biennium | | | 2007-2009 Biennium | | | 2009-2011 Biennium | | |
|--------------------|--------|------------------|--------------------|--------|------------------|--------------------|--------|------------------|
| Counties | Cities | School Districts | Counties | Cities | School Districts | Counties | Cities | School Districts |
| | | | | | | | | |

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The proposed legislation eliminates the workers' compensation retirement presumption application for a group of injured workers that are designated permanently and totally disabled prior to retirement age and injured prior to August 1, 1995.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

WORKFORCE SAFETY & INSURANCE
2007 LEGISLATION
SUMMARY OF ACTUARIAL INFORMATION

BILL NO: HB 1442

BILL DESCRIPTION: Retirement Presumption Application

SUMMARY OF ACTUARIAL INFORMATION: Workforce Safety & Insurance, together with its actuary, Glenn Evans of Pacific Actuarial Consultants, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

The proposed legislation eliminates the workers' compensation retirement presumption application for a group of injured workers that are designated permanently and totally disabled prior to retirement age and injured prior to August 1, 1995.

Reserve Level Impact: The proposed legislation will act to eliminate the retirement presumption for claims with an injury date prior to August 1, 1995 that had a recurrent disability after July 31, 1995 and a Permanent Total Disability (PTD) designation prior to retirement.

WSI identified 41 known PTD claims that would increase in cost under the proposed legislation. Discounted reserve levels on the 41 known PTD claims would increase by approximately \$4.9 million.

Additionally, there exist 64 temporary disability claims that were injured prior to August 1, 1995 with recurrent disability periods after July 31, 1995 that have not reached retirement age. Discounted reserve levels could increase by approximately \$7.9 million if all convert to PTD prior to retirement age. However, WSI does not presently

anticipate that all of the temporary disability claims will convert to PTD status.

The proposed legislation can be expected to increase discounted reserve levels for the 41 known claims by \$4.9 million and could range up to \$12.8 million dependent upon the number of 64 temporary disability claims that ultimately convert to PTD in the future.

Furthermore, to the extent additional claims emerge for the period in question, cost estimates would increase accordingly.

Rate Level Impact: The proposed legislation does not apply to future claims and should not increase future premium rate levels as it applies to pre-August 1, 1995 injuries.

DATE: February 2, 2007

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

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| Phone Number: | 328-3760 | Date Prepared: | 02/02/2007 |