

FISCAL NOTE

(Return original and 10 copies)

Bill/Resolution No.: _____ Amendment to: HB 1296

Requested by Legislative Council _____ Date of Request: 1-22-99

1. Please estimate the fiscal impact (in dollar amounts) of the above measure for state general or special funds, counties, cities, and school districts.

Narrative:

See attached.

2. **State** fiscal effect in dollar amounts:

1997-99 Biennium		1999-2001 Biennium		2001-03 Biennium	
General Fund	Special Funds	General Fund	Special Funds	General Fund	Special Funds

Revenues:

Expenditures:

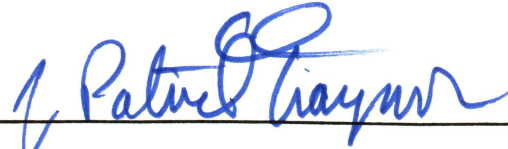
3. What, if any, is the effect of this measure on the appropriation for your agency or department:

- a. For rest of 1997-99 biennium: _____
- b. For the 1999-2001 biennium: _____
- c. For the 2001-03 biennium: _____

4. **County, City, and School District** fiscal effect in dollar amounts:

1997-99 Biennium			1999-2001 Biennium			2001-03 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

If additional space is needed, attach a supplemental sheet.

Signed 

Typed Name J. Patrick Traynor

Department Workers Compensation Bureau

Phone Number 328-3856

Date Prepared: 01-25-99

NORTH DAKOTA WORKERS COMPENSATION BUREAU
1999 LEGISLATION
SUMMARY OF ACTUARIAL INFORMATION

BILL DESCRIPTION: **Workplace Safety; Premium Programs; Other States Coverage**

BILL NO: **HB 1296**

SUMMARY OF ACTUARIAL INFORMATION: The Workers Compensation Bureau, with the assistance of 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 would allow the Bureau to create and operate pro-active safety programs, including a grant program for industry safety initiatives; authorizes funding and additional staffing for the safety programs; requires the biennial Independent Performance Audit of the Bureau to evaluate and report on the effectiveness of these programs; gives the Board of Directors authority to approve new premium options for employers providing incentives for workplace safety and opportunities for premium savings; provides a continuing appropriation for the expense of acquiring other states coverage; and removes the pilot program language from the retrospective rating statute. The bill declares the Act to be an emergency measure.

FISCAL IMPACT:

Rate Level Impact: The proposed legislation will increase the funding for the Bureau's Safety and Loss Prevention Program by \$2,044,763 per biennium. It has been demonstrated by North Dakota employers and the workers compensation industry that effective loss prevention programs can help contain or reduce workers compensation claims costs. To the extent that loss prevention and loss control efforts prove to be successful, the size of future inflationary increases could be reduced. Thus, the long term effect of this change is expected to be favorable.

Reserve Level Impact: The proposed legislation is designed to apply prospectively to reduce the severity and prevention of future claims so no reserve level impact is anticipated. However, to the extent that new loss prevention programs result in cost savings on existing claims, a downward adjustment to reserve levels may result.

AMENDMENT: The proposed amendment requires the Bureau to report any expenditures for reinsurance in its annual financial audit instead of the budget section. The proposed amendment also requires the Bureau to include requirements or incentives for the early reporting of injuries in any new premium calculation program.

The amendment will result in no change to the fiscal impact for the bill as introduced.

DATE: **1-17-99**