

FISCAL NOTE
Requested by Legislative Council
01/16/2007

Bill/Resolution No.: HB 1354

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				\$1,312,000		\$1,312,000
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).*

See 2B.

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.*

HB 1354 expands the Unsatisfied Judgment Fund to include property damage of up to \$5,000 resulting from an automobile accident. The party suffering the loss must obtain a judgment and attempt to collect from the at-fault party before submitting a claim to the Fund.

It is estimated that the law change will generate approximately 160 claims against the Fund annually, or 320 claims over the next biennium. The claims would range from \$300 to \$5,000, affecting the Fund in the range from \$48,000 to \$800,000 annually, or \$96,000 to \$1.6 million during the biennium. The Department estimates that the average claim will be 80% of \$5,000, or \$4,000, so that the estimated impact on the Fund is an increase in expenses of \$640,000 annually, or \$1.28 million for the biennium in claims expense.

The moneys to fund the Unsatisfied Judgment Fund are collected from an assessment of \$1 for each motor vehicle registered with the Department of Transportation if the Fund balance falls below \$150,000. The Fund balance at December 31, 2006, was estimated at \$210,615. It is expected that passing this bill will deplete the present Fund balance during the first year.

HB 1354 will also require that the Insurance Commissioner contract with a property claims adjuster to review and adjust claims at an estimated average cost per claim of \$100, for a total increase in expenditures to the Fund of \$16,000 annually, or \$32,000 for the biennium.

HB 1354 will require additional staff time to receive and review claims, hire claims adjusters, review reports from claims adjusters, and participate in court proceedings regarding disputed claims. It is expected that these duties can be absorbed into existing workload by existing staff.

In summary, the estimated increase in expenses for the Fund is \$1.28 million plus \$32,000 for a total of \$1.312 million for the biennium.

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.

See explanation above.

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.*

See explanation above.

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.*

See explanation above.

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