

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 4659-01
Bill No.: HB 1528
Subject: Insurance - Automobile; Insurance Dept.; Motor Vehicles
Type: Original
Date: March 19, 2004

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on General Revenue Fund	\$0	\$0	\$0

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Insurance Dedicated	\$0 to \$14,500		
Total Estimated Net Effect on <u>All</u> State Funds	\$0 to \$14,500	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2005	FY 2006	FY 2007
Local Government	\$0	\$0	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Insurance (INS)** state if insurers want to include language in their policies regarding the repair of autos, they will be required to re-file their policy forms along with a \$50 filing fee to comply with the provisions of the proposal. There are currently 290 insurers writing private passenger auto policies. Not all companies may choose to revise their policies to include recommending a repair shop. The INS is estimating one-time revenues to the Insurance Dedicated Fund of \$0 to \$14,500 (290 X \$50 filing fee).

Officials from the **Office of the Secretary of State (SOS)** state this proposal prohibits automobile insurers from recommending that a motor vehicle be repaired at a specific automobile repair shop. The proposal may result in the Department of Insurance promulgating rules to implement the proposal. Based on experience with other divisions, the rules, regulations and forms issued by the Department of Insurance could require as many as 8 pages in the *Code of State Regulations*. For any given rule, roughly one-half again as many pages are published in the *Missouri Register* as are published in the Code because cost statements, fiscal notes and notices are not published in the Code. The estimated cost of a page in the *Missouri Register* is \$23.00. The estimated cost of a page in the *Code of State Regulations* is \$27.00. The actual costs could be more or less than the numbers given. The fiscal impact of this legislation in future years is unknown and depends upon the frequency and length of rules filed, amended, rescinded and withdrawn. The SOS estimates the cost of this legislation to be \$492 [(8 pp x \$27) + (12 pp x \$23)].

ASSUMPTION (continued)

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal. If multiple bills 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.

This proposal will result in an increase in Total State Revenue.

<u>FISCAL IMPACT - State Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
INSURANCE DEDICATED FUND			
<u>Income - Department of Insurance</u>			
Form filing fees	<u>\$0 to \$14,500</u>	<u>\$0</u>	<u>\$0</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>\$0 to \$14,500</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2005 (10 Mo.)	FY 2006	FY 2007
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal may directly impact small business auto repair companies that had referral arrangements with insurance companies.

DESCRIPTION

This proposal prohibits auto insurers from requiring that a motor vehicle be repaired at a specific auto repair shop, unless the claimant expressly requests a referral or the insurer informs the claimant in writing of his or her right to select an auto repair shop. The proposal also prohibits insurers from limiting the cost of the repair to the estimated cost provided by the insurer's repair shop.

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 Secretary of State

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA
Director
March 19