

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 1644-01  
Bill No.: SB 486  
Subject: Insurance - Automobile; Motor Vehicles  
Type: Original  
Date: February 26, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
Insurance Dedicated	\$14,700	\$0	\$0
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$14,700</b>	<b>\$0</b>	<b>\$0</b>

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

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**FISCAL ANALYSIS**

ASSUMPTION

Officials from the **Department of Revenue** assume the proposal would have no fiscal impact on their organization.

Officials from the **Department of Insurance (INS)** state insurance companies will be required to file new policy forms to comply with this proposal. The INS assumes 294 insurance companies will be required to file new policy forms which have to be accompanied by a \$50 filing fee per company per filing. INS estimates one time revenues of \$14,700 will be deposited into the Insurance Dedicated Fund.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>INSURANCE DEDICATED FUND</b>			
<u>Income - Department of Insurance</u>			
Policy form filing fees	<u>\$14,700</u>	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND</b>	<b><u>\$14,700</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Local Government

FY 2004  
(10 Mo.)

FY 2005

FY 2006

\$0

\$0

\$0

FISCAL IMPACT - Small Business

Small business insurance companies would be expected to be affected by the proposal.

DESCRIPTION

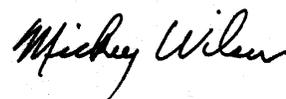
This proposal modifies the law regarding insurance coverage for loaned and demonstration vehicles. Under the current law, every motor vehicle liability insurance policy must provide liability coverage to loaned motor vehicles operated by the insured. Under this proposal, other types of coverages are extended to loaned motor vehicles. In addition to liability insurance policies, the following types of automobile insurance policies must extend coverage to loaned motor vehicles and such motor vehicle's occupants: 1) Principal damage insurance policies, 2) Uninsured and underinsured policies; and 3) Policies covering death or bodily injury.

The amount of coverage extended to the loan vehicle shall not exceed the amount of coverage provided for the motor vehicle being repaired or serviced. The coverage from such policies shall be primary.

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 Revenue  
Department of Insurance



MICKEY WILSON, CPA  
DIRECTOR

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