

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1977-01
Bill No.: HB 616
Subject: Administrative Law; Courts; Insurance - General; Insurance Dept.
Type: Original
Date: March 17, 2003

FISCAL SUMMARY

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

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
Insurance Dedicated	(\$344,952)	(\$391,102)	(\$401,067)
Total Estimated Net Effect on Other State Funds	(\$344,952)	(\$391,102)	(\$401,067)

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

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

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

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Missouri Consolidated Health Care Plan** and **Office of State Courts Administrator** state the proposal will have no fiscal impact on their organizations.

Officials from the **Office of Attorney General (AGO)** state the AGO assumes any costs can be absorbed although the provisions could impact future litigation that the AGO might pursue against an insurance company on behalf of the citizens of the state.

Officials from the **Department of Insurance (INS)** state this legislation would require virtually all civil class action litigation regarding interpretation of insurance law and policy language to be dismissed/abated and referred to the INS for an interpretation if the court believes such interpretation would "aid the court." The INS would be required to conduct its own internal proceedings regarding the dispute and made a determination as to which party is correct. The INS would require three (3) additional attorneys and two (2) additional investigators to handle these investigations and proceedings. The requirement to exhaust all administrative remedies prior to filing a lawsuit is anticipated to generate a considerable increase in complaints filed and handled by INS. The INS also anticipates an increase in requests for information and general inquires. A minimum of two (2) Consumer Service Representatives II will be required to process additional complaints and handle other requests and ASSUMPTION (continued)

inquiries. Related equipment and expense for these additional staff are also being requested. INS estimates a FY 04 fiscal impact of \$344,952, a FY 05 impact of \$391,102, and a FY 06 impact of \$401,067.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
INSURANCE DEDICATED FUND			
<u>Costs - Department of Insurance</u>			
Personal service costs (7 FTE)	(\$204,508)	(\$251,545)	(\$257,833)
Fringe benefits	(\$82,764)	(\$101,800)	(\$104,345)
Equipment and expense	<u>(\$57,680)</u>	<u>(\$37,757)</u>	<u>(\$38,889)</u>
Total <u>Costs</u> - Department of Insurance	<u>(\$344,952)</u>	<u>(\$391,102)</u>	<u>(\$401,067)</u>
ESTIMATED NET EFFECT ON INSURANCE DEDICATED FUND	<u>(\$344,952)</u>	<u>(\$391,102)</u>	<u>(\$401,067)</u>

<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

DESCRIPTION

This proposal details the circumstances and time frame under which a court will abate a class action against an insurance entity to allow remedial administrative action. An abatement tolls the applicable statute of limitations for that action.

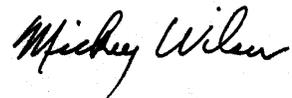
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Office of Attorney General
 Office of State Courts Administrator

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Missouri Consolidated Health Care Plan
Department of Insurance



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