

FISCAL NOTE
 LEGISLATIVE FISCAL ANALYST ESTIMATE

ESTIMATE OF FISCAL IMPACT – STATE AGENCIES (See narrative for political subdivision estimates)				
	FY 2017-18		FY 2018-19	
	EXPENDITURES	REVENUE	EXPENDITURES	REVENUE
GENERAL FUNDS				
CASH FUNDS				
FEDERAL FUNDS				
OTHER FUNDS				
TOTAL FUNDS				

Any Fiscal Notes received from state agencies and political subdivisions are attached following the Legislative Fiscal Analyst Estimate.

LB 643 increases the liability limits for motor vehicle insurance policies and proof of financial responsibility requirements for motor vehicle accidents.

University of Nebraska: The University self-insures this risk and the minimums on their policy already exceed the requirements of LB 643, so there is no fiscal impact for the bill.

State of Nebraska: The Department of Administrative Services Risk Management is responsible for automobile liability coverage for state vehicles. The state self-insures for motor vehicle liability risks. The retention amount is \$200,000 before insurance pays the remainder of any liability cost. DAS indicates there could be a point in time in the future when the higher amounts allowed by the bill for claims may cause the state to reach its retention amount sooner and a higher amount of claims would erode the insurance policy. This could result in increased premiums in the future for auto liability coverage. However, the bill is assumed to have no fiscal impact in the next biennium unless there would be an unusually high incidence of claims.

ADMINSTRATAIVE SERVICE STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 643	AM:	AGENCY/POLT. SUB: University of Nebraska	
REVIEWED BY: Gary Bush	DATE: 1/31/17	PHONE: (402) 471-4161	
COMMENTS: No basis to disagree with the estimate provided by the University.			

ADMINSTRATAIVE SERVICE STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 643	AM:	AGENCY/POLT. SUB: Dept of Administrative Services	
REVIEWED BY: Gary Bush	DATE: 1/26/17	PHONE: (402) 471-4161	
COMMENTS: No basis to disagree with the estimate provided by the agency.			

ADMINSTRATAIVE SERVICE STATE BUDGET DIVISION: REVIEW OF AGENCY & POLT. SUB. RESPONSE			
LB: 643	AM:	AGENCY/POLT. SUB: Department of Insurance	
REVIEWED BY: Gary Bush	DATE: 2/23/17	PHONE: (402) 471-4161	
COMMENTS: Concur.			

Please complete ALL (5) blanks in the first three lines.

2017

LB⁽¹⁾ 643

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ University of Nebraska

Prepared by: ⁽³⁾ Michael Justus Date Prepared: ⁽⁴⁾ January 19, 2017 Phone: ⁽⁵⁾ 402-472-2191

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

The bill increases the minimum liability coverages for automobiles. The University self-insures this risk and our minimums already exceed the requirements of the bill. No fiscal impact.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____

Please complete ALL (5) blanks in the first three lines.

2017

LB⁽¹⁾ 643

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Dept. of Administrative Services-Risk Management Division

Prepared by: ⁽³⁾ Shereece Dendy Date Prepared: ⁽⁴⁾ January 20, 2017 Phone: ⁽⁵⁾ 402-471-4436

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
REVOLVING FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

LB643 requires increased limits for automobile liability, including the limits for an uninsured motor vehicle and underinsured motor vehicle. The bill proposes an increase from \$25,000 to \$50,000 for bodily injury/death of one person in any one accident, an increase from \$50,000 to \$100,000 for bodily injury/death of two or more persons in any one accident, an increase from \$25,000 to \$50,000 for injury to or destruction of property of others in any one accident, an increase from \$25,000 to \$50,000 for uninsured motor vehicles, and an increase from \$25,000 to \$50,000 for underinsured motor vehicles.

DAS - Risk Management procures automobile liability coverage for all vehicles owned by the State of Nebraska. The policy has a self-insured retention of \$200,000 before insurance coverage kicks in. This is similar to a deduction. The increase in automobile liability limits would increase the amounts to be paid out accordingly to the limits of the bill.

There is no way to predict the number of future claims of this type, thus the actual fiscal impact cannot be determined. However, the bill as written may increase future exposure to the State. In the past 10 years, DAS - Risk Management has paid one (1) uninsured motorist claim totaling \$25,000 and five (5) underinsured motorist claims totaling \$125,000. If this legislation were enacted, and the claims remained similar to that of the past 10 years, DAS – Risk Management would be required to pay out an additional \$150,000. The increased limits may cause Risk to reach its self-insured retention sooner, and thus have more claims erode the insurance policy. The more claims that are paid by the policy may result in higher premiums.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18 EXPENDITURES</u>	<u>2018-19 EXPENDITURES</u>
	<u>17-18</u>	<u>18-19</u>		
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	=====	=====	=====	=====

Please complete ALL (5) blanks in the first three lines.

2017

LB⁽¹⁾ 643

FISCAL NOTE

State Agency OR Political Subdivision Name: ⁽²⁾ Nebraska Department of Insurance

Prepared by: ⁽³⁾ Robert M. Bell Date Prepared: ⁽⁴⁾ 2/22/2017 Phone: ⁽⁵⁾ (402) 471-4650

ESTIMATE PROVIDED BY STATE AGENCY OR POLITICAL SUBDIVISION

	<u>FY 2017-18</u>		<u>FY 2018-19</u>	
	<u>EXPENDITURES</u>	<u>REVENUE</u>	<u>EXPENDITURES</u>	<u>REVENUE</u>
GENERAL FUNDS	_____	_____	_____	_____
CASH FUNDS	_____	_____	_____	_____
FEDERAL FUNDS	_____	_____	_____	_____
OTHER FUNDS	_____	_____	_____	_____
TOTAL FUNDS	=====	=====	=====	=====

Explanation of Estimate:

No fiscal impact on the Nebraska Department of Insurance.

BREAKDOWN BY MAJOR OBJECTS OF EXPENDITURE

Personal Services:

<u>POSITION TITLE</u>	<u>NUMBER OF POSITIONS</u>		<u>2017-18</u>	<u>2018-19</u>
	<u>17-18</u>	<u>18-19</u>	<u>EXPENDITURES</u>	<u>EXPENDITURES</u>
_____	_____	_____	_____	_____
_____	_____	_____	_____	_____
Benefits.....	_____	_____	_____	_____
Operating.....	_____	_____	_____	_____
Travel.....	_____	_____	_____	_____
Capital outlay.....	_____	_____	_____	_____
Aid.....	_____	_____	_____	_____
Capital improvements.....	_____	_____	_____	_____
TOTAL.....	_____	_____	_____	_____