

**LEGISLATIVE FISCAL OFFICE**  
**Fiscal Note**



Fiscal Note On: **HB 104** HLS 20RS 333

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

<b>Date:</b> May 13, 2020	8:54 AM	<b>Author:</b> CARTER, WILFORD
<b>Dept./Agy.:</b> LA Dept. of Insurance/Dept. of Public Safety		<b>Analyst:</b> Zachary Rau
<b>Subject:</b> Repeals Penalties for Failure to Maintain Auto Insurance		

INSURANCE/AUTOMOBILE OR SEE FISC NOTE SG EX Page 1 of 1  
Repeals certain penalties for failure to maintain compulsory motor vehicle liability insurance

Present law provides for compulsory motor vehicle insurance coverage and provides for minimum required coverage. Present law provides penalties for failing to maintain minimum coverage, including prohibiting recovery for the first \$15,000 for bodily injury claims and the first \$25,000 for property damage claims. Proposed law repeals the prohibition from recovery for failure to maintain required coverage.

<b>EXPENDITURES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	INCREASE	INCREASE	INCREASE	INCREASE	INCREASE	
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>						
<b>REVENUES</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>	<b>2023-24</b>	<b>2024-25</b>	<b>5 -YEAR TOTAL</b>
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Ded./Other	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Federal Funds	\$0	\$0	\$0	\$0	\$0	<b>\$0</b>
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<b>\$0</b>
<b>Annual Total</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

**EXPENDITURE EXPLANATION**

Discussions with Office of Risk Management (ORM) staff indicate that the proposed legislation may result in an indeterminable SGR expenditure increase. The increase is derived from the discount on damages associated with accidents involving uninsured motorists being repealed, therefore ORM would be liable for up to an additional \$15,000 in bodily injury damages and up to an additional \$25,000 in property damages for each claim involving an uninsured motorist. The LFO is awaiting further information on the number of open automobile claims at the ORM, but ORM cannot report how many involved uninsured drivers incurring damages subject to the discount on damages. Because of the aforementioned factors, the exact expenditure increase is indeterminable.

For informational purposes, Louisiana had 3,357,091 licensed motorists in 2015 (as reported by the Federal Highway Administration), and the Insurance Information Institute estimated 13% of Louisiana drivers (436,422 persons) were uninsured in the same year.

**REVENUE EXPLANATION**

There is no anticipated direct material effect on governmental revenues as a result of this measure. All state vehicles are insured through the Office of Risk Management (ORM), and therefore the state would not be subject to the limitation on damages provisions being repealed by the proposed legislation.

Senate Dual Referral Rules  
 13.5.1 >= \$100,000 Annual Fiscal Cost {S & H}  
 13.5.2 >= \$500,000 Annual Tax or Fee Change {S & H}

House  
 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S}  
 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S}

*Evan Brasseaux*  
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**Staff Director**