

LEGISLATIVE FISCAL OFFICE
Fiscal Note



Fiscal Note On: **SB 34** SLS 16RS 88

Bill Text Version: **ORIGINAL**

Opp. Chamb. Action:

Proposed Amd.:

Sub. Bill For.:

Date: March 28, 2016 5:45 PM	Author: GATTI
Dept./Agy.: INSURANCE	Analyst: Willis Brewer
Subject: Prohibits insurers from increasing premium rates	

INSURANCE POLICIES OR NO IMPACT See Note Page 1 of 1
Prohibits increase in motor vehicle liability insurance policies under certain circumstances (8/1/16).

Present law prohibits an owner or operator of motor vehicle involved in an accident who does not have a motor vehicle liability insurance policy recovery of damages of the first \$15,000 of bodily injury and \$25,000 of property damage.

Present law provides each person involved in an accident in which the other motor vehicle was not covered by compulsory motor vehicle liability security and who is found to be liable for damages to the owner or operator of the other motor vehicle may assert as an affirmative defense the limitation of recovery provisions.

Proposed law prohibits an insurer from increasing the premium rate or increasing or adding a surcharge to any policy of motor vehicle insurance when such action is based on present law assertion of the affirmative defense.

EXPENDITURES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

REVENUES	2016-17	2017-18	2018-19	2019-20	2020-21	5 -YEAR TOTAL
State Gen. Fd.	\$0	\$0	\$0	\$0	\$0	\$0
Agy. Self-Gen.	\$0	\$0	\$0	\$0	\$0	\$0
Ded./Other	\$0	\$0	\$0	\$0	\$0	\$0
Federal Funds	\$0	\$0	\$0	\$0	\$0	\$0
Local Funds	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	\$0
Annual Total	\$0	\$0	\$0	\$0	\$0	\$0

EXPENDITURE EXPLANATION

The proposed law is not anticipated to have a fiscal impact to the department.

There is not sufficient data available to estimate any costs or savings to the insurer or the insured from disallowing insurers (insurance companies) from charging a premium surcharge or increasing a premium rate in the event a policyholder asserts the affirmative defense provision. Furthermore, it is indeterminable whether insurance companies may adjust base rates to all insureds to account for this inability to surcharge a specific policyholder.

REVENUE EXPLANATION

There is no anticipated direct material effect on governmental revenues as a result of this measure.

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|---|--|--------------|
| <u>Senate</u> | <u>Dual Referral Rules</u> | <u>House</u> |
| <input type="checkbox"/> 13.5.1 >= \$100,000 Annual Fiscal Cost {S&H} | <input type="checkbox"/> 6.8(F)(1) >= \$100,000 SGF Fiscal Cost {H & S} | |
| <input type="checkbox"/> 13.5.2 >= \$500,000 Annual Tax or Fee Change {S&H} | <input type="checkbox"/> 6.8(G) >= \$500,000 Tax or Fee Increase or a Net Fee Decrease {S} | |

Evan Brasseaux
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Staff Director