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FISCAL IMPACT REPORT

SPONSOR: SPAC DATE TYPED: 03/06/01 HB _____
 SHORT TITLE: Primary Liability For Vehicle Insurance SB CS 237/aSJC
 ANALYST: Dotson

APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
	None		None		

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

Public Regulation Commission.

SUMMARY

Synopsis of SJC Amendments

The Senate Judiciary Committee amendments expand the assigning of primary liability to persons whom are self insured. Prohibits the cancellation of a motor vehicle insurance policy based on a credit report if the policy is in good standing and the payments are current.

Synopsis of Original Bill

Specifies that an operators vehicle insurance is primarily responsible for damage caused by or to the vehicle. Also specifies that coverage is extended to a vehicle own by another party by signing an agreement. All insurers transacting business in the state will offer this extension of coverage. And prohibits the canceling of vehicle insurance based on a credit report if the policy is in good standing and payments are current.

Significant Issues of SJC Amendments

The amendments expanding the assignment of primary liability to self insured persons clarifies the responsibilities of self insurers. Prohibiting the cancellation of insurance based on a credit report limits the insurance companies ability to control risk and thus it could effect premiums. Changing credit worthiness of an individual

after a policy is initiated may or may not affect the risk to insurers. Insurance companies will argue that it does.

If a policy is in good standing and the payments are current, insurance companies will generally not reevaluate policy holders based on credit reports.

Significant Issues of Original Bill

According to the Public Regulation Commission, the bill codifies current practices – “coverage follows the car.” Users of a non-own vehicle are covered primarily by the insurance on the vehicle. Written assignment may allow rental car companies to assign liability to customers.

POSSIBLE QUESTIONS

Does this bill clarify current practices, does a person with only liability insurance have the same protection as a person carrying “full” coverage?

PD/njw