


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 10-0635
Prime Sponsor(s): Rep. Kerr A.
 Sen. Tochtrop

Date: February 24, 2010
Bill Status: House Judiciary
Fiscal Analyst: Clare Pramuk (303-866-2677)

TITLE: CONCERNING SERVICE OF PROCESS IN ACTIONS CONCERNING INCIDENTS THAT MAY BE COVERED BY A MOTOR VEHICLE INSURANCE POLICY.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Transfers or Diversions Diversion from the General Fund to the Division of Insurance Cash Fund*	\$6,077	
State Expenditures Cash Funds Division of Insurance Cash Fund	\$4,510	
FTE Position Change	0.1 FTE	
Effective Date: July 1, 2010.		
Appropriation Summary for FY 2010-2011: See State Appropriations section.		
Local Government Impact: None.		

**Diversion is higher than expenditures to account for Expenditures Not Included shown in the fiscal note.*

Summary of Legislation

This bill requires an auto insurance policy contract to include a provision that appoints the insurance company as the agent of the insured for service of process (service) or other civil filing for which the insured can possibly claim coverage. This applies when the insured cannot be found. An injured party can receive payments under his or her uninsured motorist coverage regardless of whether the at-fault party is insured if:

- the alleged at-fault party cannot be located;
- the service on the insurance company is insufficient or ineffective;
- the accident report fails to disclose the name of the at-fault party's insurance company;
- or
- the insurance company is unknown.

State Transfers or Diversions

This bill diverts \$6,077 from the General Fund in FY 2010-11 only. This diversion occurs because the bill increases costs in the Department of Regulatory Agencies, Division of Insurance, which is funded with premium tax revenue that would otherwise be credited to the General Fund.

State Expenditures

This bill increases expenditures to the division by \$4,510 and 0.1 FTE in FY 2010-11 from the Division of Insurance Cash Fund as shown in Table 1. These costs are driven by the bill taking effect July 1, which will require insurance companies to submit forms to the division for review prior to the standard January 1 deadline and out of the normal cycle for filings.

Table 1. Expenditures Under HB10-1252		
Cost Components	FY 2010-11	FY 2011-12
Personal Services	\$4,510	
FTE	0.1	
TOTAL	\$4,510	

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Expenditures Not Included Under HB10-1252*		
Cost Components	FY 2010-11	FY 2011-12
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$505	
Supplemental Employee Retirement Payments	168	
Indirect Costs	875	
Workers' Compensation and Risk Management	19	
TOTAL	\$1,567	

*More information is available at: <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1200536133924>

State Appropriations

The Division of Insurance requires an appropriation of \$4,510 and 0.1 FTE from the Division of Insurance Cash Fund.

Departments Contacted

Regulatory Agencies
Personnel and Administration

Health Care Policy and Financing