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KENNY C. GUINN
Governor

STATE OF NEVADA

ALICE A. MOLASKY-ARMAN
Commissioner of Insurance

SYDNEY H. WICKLIFFE, C.P.A.
Director



DEPARTMENT OF BUSINESS AND INDUSTRY
DIVISION OF INSURANCE

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MEMORANDUM

TO: The Honorable Senator Bill Raggio
Chairman, Senate Committee on Finance

FROM: Alice A. Molasky-Arman, Commissioner of Insurance
Department of Business & Industry, Division of Insurance

DATE: May 2, 2003

SUBJECT: Fiscal Impact of SB 480

A handwritten signature in black ink, appearing to read "A. Molasky-Arman".

Senate Bill 480, as amended by Amendment Number 514, recommended "Amend and Do Pass" by the Senate Committee on Transportation and referred to your committee, will have a fiscal impact on the Division of Insurance. In the division's original analysis of the bill, no fiscal impact was noted. However, Senator Amodei's amendment, which was incorporated in the version of the bill recommended by Transportation, contains additional costs of which you need to be aware.

Senator Amodei's amendment requires the Commissioner of Insurance to conduct a study to predict the effect of the legislation. The study will necessarily include soliciting input from a variety of interested parties including insurers, representatives of traffic and public safety, the medical community and the general public. The study must combine this input with an actuarial multi-state analysis of the effect on personal automobile insurance rates in states which have enacted and enforce primary seatbelt legislation. The results of the study must be reported to the Director of the Legislative Counsel Bureau by September 1, 2004, and must be submitted to the

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73rd Session of the Legislature. The study must include a determination by the Commissioner regarding the effects of this bill on premium rates charged by insurers for personal automobile liability. Subsequently, the Commissioner must consider her determination when reviewing, investigating or approving rates filed by automobile insurers.

The study required by Amendment No. 514 would constitute an additional workload for the staff actuaries in the division's Property & Casualty Section. As designed in the Amendment, the study would require approximately 160 hours to conduct and an additional 40 hours to report. This staff time would necessarily be overtime and would bridge fiscal years 04 and 05.

The division's staff actuaries (classified as Actuary I, class code 07.710) would be assigned to design and conduct the study and to write the report of findings and determinations. The average Actuary I salary is \$28.24 per hour. The overtime rate (@ 1.5 x the standard rate) is \$42.36. The overall fiscal impact of Amendment No. 514 to SB 480 would be:

| | <u>FY04</u> | <u>FY05</u> | <u>Future Biennia</u> |
|----------------------------|----------------|----------------|---------------------------|
| <u>Revenue</u> | | | |
| None | -0- | -0- | -0- |
| <u>Expense</u> | | | |
| 01- Personnel (overtime) | <u>\$6,778</u> | <u>\$1,694</u> | <u>-0-</u> |
| Total Fiscal Impact | \$6,778 | \$1,694 | -0- |

Should you or the Committee have any questions regarding this analysis, please advise.
Thank you.

c. Kathalie Koche
 Jeff Ferguson
 Bill Maier

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