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## FISCAL IMPACT REPORT

SPONSOR Stewart DATE TYPED 02/25/05 HB HJM 52

SHORT TITLE Motor Vehicle Insurance Study SB \_\_\_\_\_

ANALYST Ford

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY05	FY06	FY05	FY06		
			Minimal – see narrative		

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

### SUMMARY

#### Synopsis of Bill

House Joint Memorial 52 makes findings related to the disproportionately high cost of motor vehicle insurance and requests legislative council to direct the appropriate legislative interim committee to study the “pay at the pump” system of motor vehicle insurance, along with other options for lowering the cost of liability insurance and increasing the percentage of insured motorists. The recommendations are to be reported to the second session of the 47<sup>th</sup> legislature.

#### Significant Issues

While pay at the pump proposals can vary, the general idea is that drivers pay for their insurance through a fee added to the price of gasoline. The effect is that drivers pay for insurance based roughly on the number of miles they drive instead of through the current lump-sum method. Since every driver pays for the insurance through the gasoline they use, they all pay for insurance through some method. Ideally, this reduces the number of drivers without insurance and lowers general insurance costs.

### FISCAL IMPLICATIONS

The bill will result in minimal costs for the appropriate interim legislative committee to conduct the required study.

**EF/lg**