

FISCAL NOTE
Requested by Legislative Council
 01/18/2007

Bill/Resolution No.: HB 1283

1A. State fiscal effect: *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2005-2007 Biennium		2007-2009 Biennium		2009-2011 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues						
Expenditures						
Appropriations						

1B. County, city, and school district fiscal effect: *Identify the fiscal effect on the appropriate political subdivision.*

2005-2007 Biennium			2007-2009 Biennium			2009-2011 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. Bill and fiscal impact summary: *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

The proposed legislation eliminates the requirement that civil actions or claims subject to judicial review must be reviewed solely on the merits of the action or claim and not be construed liberally on behalf of any party.

B. Fiscal impact sections: *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

**WORKFORCE SAFETY & INSURANCE
2007 LEGISLATION
SUMMARY OF ACTUARIAL INFORMATION**

BILL NO: HB 1283

BILL DESCRIPTION: Workers Compensation Law Construction

SUMMARY OF ACTUARIAL INFORMATION: Workforce Safety & Insurance, together with its actuary, Glenn Evans of Pacific Actuarial Consultants, has reviewed the legislation proposed in this bill in conformance with Section 54-03-25 of the North Dakota Century Code.

The proposed legislation eliminates the requirement that civil actions or claims subject to judicial review must be reviewed solely on the merits of the action or claim and not be construed liberally on behalf of any party.

FISCAL IMPACT: We do not have access to sufficient data to permit a comprehensive evaluation of the potential rate level and reserve impact of this proposed legislation. However, WSI anticipates that, if passed in its present form, the legislation will act to increase the uncertainty of outcomes for claims subject to judicial review as the courts will have greater latitude when issuing decisions. The introduction of a clear standard for judicial review was an important element of the workers' compensation reform package that was passed in 1995. Since then, the overall fund status has improved significantly. Though many factors contributed to the improvement, WSI believes that the proposed legislation could act to partially reverse the trend.

The proposed change may also act to increase the level of uncertainty of any actuarial estimates because of the increased potential for upward loss development (increases in cost estimates) associated with adverse court opinions.

DATE: January 26, 2007

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*
- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*
- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*
- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

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