

FISCAL NOTE
Requested by Legislative Council
01/28/2009

Bill/Resolution No.: SB 2426

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.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 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.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 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 repeals the retirement presumption and additional benefit payable statutes.

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
2009 LEGISLATION
SUMMARY OF ACTUARIAL INFORMATION

BILL NO: SB 2426

BILL DESCRIPTION: Repeal of Retirement Presumption and Additional Benefit Payable Statutes

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 repeals the retirement presumption effective for post-1995 claims. Under this proposal, claimants will continue receiving wage-loss benefits even after they become eligible for social security retirement benefits. The proposed bill also eliminates the three year cap on disability benefits for employees injured after they become eligible for social security retirement benefits. The proposed bill also repeals the additional benefit payable (abp) statutes.

In assessing the impact of this proposal we relied on our analysis of 2009 HB 1525, a very similar proposal that was introduced in the House.

Reserve Level Impact: The reserve level impact of the current proposal will be limited to fiscal accident years 1995-96 and subsequent. The total reserve level increase for known claims will likely fall in a range between \$20 million and \$27 million. To the extent additional claims emerge; the cost estimates could be higher potentially double of the known claim estimate.

Rate Level Impact: The proposed legislation will serve to increase the costs associated with future claims. The premium rate level increase associated with the elimination of the retirement presumption and abp statutes is

anticipated to be between 2.5% to 3.5%, likely more than \$4.0 million per year.

DATE: January 31, 2009

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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