

Department of Planning and Budget 2004 Fiscal Impact Statement

1. Bill Number HB69

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|------------------------|--|-------------------------------------|------------------------------------|
| House of Origin | <input checked="" type="checkbox"/> Introduced | <input type="checkbox"/> Substitute | <input type="checkbox"/> Engrossed |
| Second House | <input type="checkbox"/> In Committee | <input type="checkbox"/> Substitute | <input type="checkbox"/> Enrolled |

2. Patron Brink

3. Committee General Laws

4. Title Commonwealth's risk management plan; inclusion of attorneys providing pro bono services

5. Summary/Purpose: The bill allows attorneys who provide pro bono services as eligible persons, pursuant to a program approved by the Supreme Court of Virginia and the Virginia State Bar, to be covered by the Commonwealth's risk management program for claims arising from their provision of legal services in such programs.

6. Fiscal Impact Estimates are not available: SEE ITEM 8.

7. Budget amendment necessary: No. There is no information available to determine the budgetary impact on state agencies.

8. Fiscal implications: The bill allows attorneys under an approved program for the provision of pro bono legal services to participate in the Commonwealth's risk management plan for any claims arising out of the provision of their pro bono services. Any fiscal impact depends on the number of attorneys that have claims filed against them and the total amount of the claims filed. There is no available information to estimate the risk management plan's exposure to losses by allowing coverage for claims filed against attorneys to be covered by the plan. The Supreme Court of Virginia anticipates that the risk management plan would likely cover the excess over other malpractice insurance maintained by attorneys of private law firms. The Supreme Court of Virginia and the Virginia State Bar anticipate that the program will primarily assist government lawyers who might be interested in participating in their programs, but have no malpractice insurance for activities outside their regular duties.

However, since the programs under which the attorneys provide their pro bono services is under the control of the Supreme Court of Virginia, the Department of the Treasury would have to bill the Supreme Court for the costs of the coverage for eligible attorneys performing services in such approved programs. The risk management program is self-insured so that the addition of this new risk pool that has no reserves to protect against losses may require an initial cost to initiate the program. However, there is no past experience to make any actuarial assumptions as to how much funding should be in reserve to pay claims and therefore no information to determine how much the Supreme Court should be billed to cover the administrative, program and claims costs that will need to be covered by the premiums.

The Department of the Treasury can absorb the additional workload within its current staffing level.

9. Specific agency or political subdivisions affected: Department of the Treasury and Supreme Court of Virginia.

10. Technical amendment necessary: No.

11. Other comments: None.

Date: 01/22/03 / mst

Document: G:\Ga Sessions\2004 Session\Fis\Hb69.Doc

cc: Secretary of Finance