

Commission on Local Government

Estimate of Local Fiscal Impact
2012 General Assembly Session

Bill: HB 93 **Patron:** Albo **Date:** January 20, 2012

In accordance with the provisions of §30-19.03 of the Code of Virginia, the staff of the Commission on Local Government offers the following analysis of the above-referenced legislation:

I. Bill Summary

Increases the minimum amount of vehicle liability insurance required to be carried by public schools in the instances of property damage (from \$10,000 to \$100,000); medical expense payment coverage (from \$1,000 to \$5,000 for each person injured); and accidents when all persons are injured (from \$200,000 to \$2,000,000)

II. Fiscal Impact Analysis

The Commission on Local Government (CLG) received fiscal impact statements from 10 localities – the Counties of Carroll, Henrico, Rappahannock, and Spotsylvania; the Cities of Danville, Richmond, and Winchester; and the Towns of Blacksburg, Christiansburg, and Hillsville. In addition, the Virginia Association of School Superintendents assisted the Commission in obtaining information from local school divisions, including Orange County Public Schools and Chesapeake Public Schools.

Seven of the respondents – the Counties of Carroll and Henrico; the Cities of Richmond and Winchester; and the Towns of Blacksburg, Christiansburg, and Hillsville – indicated that they would not experience an increase in costs as a result of this bill. The towns indicated that the bill does not apply to them because they do not operate school divisions. Carroll County and the Cities of Richmond and Winchester indicated that they already meet the standards proposed in the bill. Henrico County noted that the provisions of the bill will not apply to them because they are self-insured.

The remaining three respondents – the Counties of Rappahannock and Spotsylvania and the City of Danville – anticipate costs in excess of \$5,000 as a result of HB 93. Listed below are the cost estimates:

Rappahannock County:	\$7,500-10,000
Spotsylvania County:	17,600
Danville City:	unknown

The City of Danville contacted their insurance carrier, but they were unable to provide an estimate for coverage at the proposed levels. While the County is unable to estimate this amount, they believe it will be over \$5,000.

Orange County Public Schools believe that the provisions of the bill will result in an increase of \$5,000 to \$10,000 in their annual premium for property and casualty insurance.

Chesapeake Public Schools indicated that it is too early to determine what impact HB 93 would have on their insurance premiums.

III. Conclusion

HB 93 will substantially increase the minimum amount of vehicle liability insurance that public schools are required to carry. Localities that already provide coverage at the minimum levels specified in the bill will not be affected. However, public school divisions with coverage that does not meet these minimums will experience an increase in their insurance premiums when they increase their limits to those required under the bill. This cost will vary among school divisions, depending on such variables as the number of vehicles they are insuring; the number of passengers they are transporting; whether they are self-insured; and, if they are not self-insured, their insurance provider.