

Department of Planning and Budget

2014 Fiscal Impact Statement

1. Bill Number: SB7

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: Stuart

3. Committee: Senate Committee for Courts of Justice

4. Title: Clients' Protection Fund; repeals sunset provision on Supreme Court's authority to adopt rules.

5. Summary: Repeals the July 1, 2015, sunset provision on the Supreme Court's authority to adopt rules assessing members of the Virginia State Bar an annual fee of up to \$25 to be deposited in the Clients' Protection Fund.

6. Budget Amendment Necessary: No

7. Fiscal Impact Estimates: Preliminary

8. Fiscal Implications: The Client's Protection Fund ("CPF") was established to help people who have suffered a financial loss because of the dishonest conduct of a Virginia lawyer. Currently, the CPF is funded by a \$25 assessment on each active member of the Virginia State Bar. The assessment was established to provide a reliable dedicated source of revenue for the fund that would be able to sustain the fund through periods of high claims and low investment income periods.

The proposed legislation repeals the July 1, 2015 sunset provision on the Supreme Court's authority to assess the current CPF annual fee. An actuarial study of the CPF was completed in March 2013. The study showed that if the \$25 annual assessment is continued, the fund will decrease moderately over time. However, if the \$25 annual assessment is discontinued effective June 30, 2015, the fund will decline rapidly over time and the Virginia State Bar's ability to provide adequate public protection would be significantly impacted.

The CPF Board met on Friday, January 10, 2014 and approved to pay claims totaling about \$115,000 with claims in excess of \$300,000 still pending on the docket and another \$200,000 in claims yet to be placed on the docket. On average, new claims are received at a rate of about 10 each month.

9. Specific Agency or Political Subdivisions Affected: Virginia State Bar

10. Technical Amendment Necessary: No

11. Other Comments: None

RMT

