

2009 Regular Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2802 **STATUS:** A Engrossed
GOVERNMENT UNIT AFFECTED: Department of Administrative Services, Department of Justice, Oregon Judicial Department, Oregon Health Sciences University, Legislative Administration, Cities and Counties
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DATE: April 29, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
See Analysis.	Indeterminate	Indeterminate

EFFECTIVE DATE: January 1, 2010

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: The Risk Management Program at the Department of Administrative Services (DAS) provides all insurance (except employee benefits) for state agencies, maintains an actuarially sound self-insurance fund, and provides or contracts for risk management services to the state. State agencies pay assessments, based on each agency's risks and past losses, to DAS to fund the program. The main types of claims against state agencies are property, workers compensation and tort (auto, employment, medical malpractice, and general liability).

This cap increases the statutory cap on non-economic damages from \$500,000 to \$1.5 million, which aligns with recently increased (2009 Senate Bill 311) cap for torts against public bodies under the Oregon Tort Claims Act. The change does not appear to expose the state any more than Senate Bill 311 already has; however, it is possible that the increased cap may lead to more claims being filed against the state.

The Department of Administrative Services anticipates an increase in the number of wrongful death or non-economic damage claims filed against state agencies, primarily due to the higher limit. There would be a cost associated with processing these additional claims and in defending the state's position. If claims result in actual increases in losses, it would drive a need to increase the size of the insurance fund. Increases in processing costs or the fund balance would result in higher assessments for state agencies. The costs are indeterminate and are difficult to project without actual claim experience under a new law.

Costs associated with other elements of the bill, such as the requirement to index the cap, are expected to be minimal.