



## Fiscal Estimate Narratives

OCI 3/10/2006

LRB Number	05-4060/1	Introduction Number	AB-997	Estimate Type	Original
<b>Description</b> Increasing the limit on policies issued by the state life insurance fund					

### Assumptions Used in Arriving at Fiscal Estimate

AB 997 would increase the policy limits on policies issued by the State Life Insurance Fund from \$10,000 to \$20,000.

OCI estimates that as a result of this increase, the State Life Insurance Fund (SLIF) would see an increase in revenues as a result of increased premiums charged to policy holders due to this increased limits. SLIF would also see an increase in expenditures from increased administrative functions and increased labor activities to accommodate an increase in underwriting and new policy issues. SLIF would also experience a rise in death benefit payments (although not right away). SLIF is not permitted by statute to advertise, so it is not possible to ascertain the effect of this increase on existing policyholders or new policyholders. Some policyholders may apply for the increased coverage, while some new policyholders may decide to purchase a policy because of the higher policy limits. OCI does not know what the number of policyholder additions to policy limits or increases in the number of covered lives may be. OCI estimates that the increased labor costs would be approximately \$20,100 from the addition of .5 positions within the SLIF. The other factors, however, contain too many variables to make a credible estimation.

### Long-Range Fiscal Implications