

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION**

**April 21, 2003**

**TO:** Honorable Will Hartnett, Chair, House Committee on Judicial Affairs

**FROM:** John Keel, Director, Legislative Budget Board

**IN RE: HB2688** by Seaman (Relating to insurance requirements for district clerks.), **As Introduced**

<b>No fiscal implication to the State is anticipated.</b>
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The bill would amend the Local Government Code to require that when an insurance policy providing the required crime coverage for the district clerk also covers other county officials, the minimum amount of the policy must be for \$1 million. The bill would take effect September 1, 2003 and would apply only to an insurance policy or similar coverage renewed or initially obtained on or after that date.

Underwriting factors such as the entity's loss experience, amount of cash or other financial instruments on hand at any given time, and deductibles would determine the cost of premiums. For example, Travis County, which now self-insures, reports that when the county did not self-insure, the premium for \$500,000 in crime coverage was initially \$7,000. Due to the county's loss experience, the premium was raised to either \$21,500 with a \$50,000 deductible or \$4,700 with a \$100,000 deductible. Based on their experience, Travis County estimates the cost of \$1 million in crime insurance would range from \$18,000 to \$40,000 annually depending on deductible amount, loss experience, and other underwriting factors.

Harris County reports that it carries a \$3 million policy of this type for all county departments, with a \$5,000 deductible. The annual premium costs \$17,500.

**Local Government Impact**

The cost for this type of insurance coverage in an amount of at least \$1 million would vary by county depending on underwriting factors.

**Source Agencies:**

**LBB Staff:** JK, GO, DLBa