

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE  
Revised

Senate Bill 473 (Senator Della)  
Finance

Referred to Economic Matters

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**Vehicle Laws - Required Security - Rental Vehicles - Waiver**

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This enrolled bill adds to current law by specifying that a waiver of personal injury protection (PIP) coverage constitutes a waiver of all PIP benefits including those provided under another form of security used in place of a motor vehicle liability insurance policy. The bill also removes certain references to private passenger motor vehicle liability insurance regarding PIP waivers. Under current law, as to a private passenger motor vehicle liability insurance policy, a waiver of PIP coverage constitutes a waiver of all PIP benefits whether provided under the first named insured's policy or any other private passenger motor vehicle liability insurance policy issued in the State.

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**Fiscal Summary**

**State Effect:** Indeterminate increase in general fund revenues due to one-time fees collected by the Maryland Insurance Administration. Potential indeterminate decrease in premium tax revenues. Expenditures would not be affected.

**Local Effect:** None.

**Small Business Effect:** Potential meaningful effect on small businesses as discussed below.

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**Fiscal Analysis**

**State Revenues:** General fund revenues could increase by an indeterminate amount since auto insurance companies would be subject to rate and form filing fees. Each insurer that revises its rates and amends its insurance policy must submit the proposed change(s) to the Insurance Administration and pay a \$100 rate and form filing fee. The number of auto insurers who will file new rates and forms as a result of the bill's requirements cannot be reliably estimated at this time, since rate and form filings often combine several rate and

policy amendments at one time. It is noted that there are about 200 independent auto insurers in the State.

The bill has the effect of removing PIP coverage provided under a rental car owner's coverage for those people who have waived PIP coverage under their personal auto insurance policy. Personal auto insurance rates would not be affected by the bill. However, rental car companies would experience decreased liability exposure to the extent that their renters have waived PIP on their own policies. Insurance premiums are based in part on the exposure of the insured. Thus, if the exposure of rental car companies decreases, those companies that purchase insurance could realize reduced premiums. Any decrease in revenues from the 2% premium tax is indeterminate.

**Small Business Effect:** The bill has the effect of removing PIP coverage provided under a rental car owner's coverage for those people who have waived PIP coverage under their personal auto insurance policy. Auto insurance premiums are based in part on the exposure of the insured. Thus, if the exposure of rental car companies decreases, those companies that purchase insurance could realize reduced premiums. Those companies that are self-insured could realize savings from reduced liability. Of the approximately 60 passenger rental car firms in the State, 87% are small businesses. However, only about 26% of passenger rental car employees work for small businesses and only about 24% of wages paid to passenger rental car employees are paid to employees who work for small businesses.

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**Information Source(s):** Maryland Automobile Insurance Fund, Maryland Insurance Administration, Department of Transportation (Motor Vehicle Administration), Department of Fiscal Services

**Fiscal Note History:** First Reader - February 21, 1997  
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