

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE  
Revised

Senate Bill 474 (Senator Della)  
Finance

Referred to Economic Matters

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**Vehicle Laws - Required Security - Replacement Vehicles - Clarifications**

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Under current law, the insurance coverage on a vehicle being serviced or repaired is the primary coverage for a replacement vehicle. A replacement vehicle is defined as a vehicle loaned by an auto repair facility or a dealer, or that an individual rents temporarily to use while a vehicle owned by the individual is not in use because of loss, breakdown, repair, service, or damage. This amended bill clarifies that an owner of a replacement vehicle satisfies the insurance requirements for the vehicle by maintaining insurance that (1) is secondary to any other valid and collectible coverage; and (2) meets the minimum mandatory liability limits for auto insurance as required by the Transportation Article. The bill also reduces the required point size of the notification that the coverage on the vehicle out of service is primary coverage for the replacement vehicle from 12 to at least 10 point bold type.

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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. Expenditures would not be affected as discussed below.

**Local Effect:** None.

**Small Business Effect:** None. The bill clarifies current law.

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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 clarifications cannot be reliably estimated at this time, since rate and form filings often combine several rate and policy amendments at one time.

**State Expenditures:** The Motor Vehicle Administration would need to modify language relating to vehicle insurance in various forms and publications. The cost of this one-time change would be minimal and could be absorbed within existing resources.

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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 19, 1997  
brd Revised - Senate Third Reader - March 17, 1997

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