

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 249 (Chairman, Economic Matters Committee)
(By Request – Departmental – Automobile Insurance Fund)

Economic Matters

**Insurance - Maryland Automobile Insurance Fund - Use of Moneys and
Property - Duties of Board of Trustees**

This departmental bill requires the board of trustees of the Maryland Automobile Insurance Fund (MAIF) to have a plan to promote the benefits of maintaining motor vehicle insurance, discourage driving by uninsured motorists, and support fraud and theft prevention efforts. The bill also authorizes money in the fund to be used for the required plan.

Fiscal Summary

State Effect: The bill would not materially affect State finances or operations.

MAIF: Expenditures by MAIF could increase to cover the cost of the plan developed by its board of trustees, depending on the nature of the plan. The cost of any such plan cannot be accurately estimated. Any spending increase would be offset by either an increase in premium revenues or savings experienced on reduced claims payouts.

Local Effect: None.

Small Business Effect: MAIF has determined that this bill will have minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: The purpose of MAIF is to provide the required motor vehicle liability insurance coverage to those who would otherwise be ineligible for insurance coverage.

Generally, money in the fund may be used only to support MAIF's purposes. Premiums collected and income accruing from those premiums may be used only for the payment of claims arising under insurance policies issued by MAIF and to cover MAIF's administrative expenses. MAIF must keep separate records of any income and expenses directly attributable to the processing and payment of unsatisfied claims. MAIF must also keep separate records of any income and expenses directly attributable to its commercial policy and claims operations.

Background: Under a recent rate filing with the Maryland Insurance Administration, MAIF will be distributing anti-theft devices to its insureds who carry both comprehensive and collision coverage. MAIF advises that the expenditure to purchase the anti-theft devices could be made up in savings in reduced payouts for vehicle theft under comprehensive coverage.

MAIF has a board of trustees that is responsible for formulating policy for MAIF. The board of trustees is also responsible for appointing the executive director. MAIF advises that its stated purpose call into question its authority to finance various fraud and theft fighting efforts.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Automobile Insurance Fund, Maryland Insurance Administration, Department of Legislative Services

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nas/hlb

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