MARYLAND
AUTO INSURANCE

POSITION ON PROPOSED LEGISLATION

Date: February 20, 2020 **Position:** **Informational / Letter of Concern**

Bill Number: House Bill 660

Bill Title: Baltimore City and Prince George's County - Lifeline Low-Cost Automobile Insurance Program

The Maryland Automobile Insurance Fund

The Maryland Automobile Insurance Fund is your state created motor vehicle insurance carrier. Employing over 200 insurance professionals in Baltimore, we have over 40 years of experience dealing with the Maryland automobile insurance market. Approximately 40,000 Maryland families depend upon MAIF for their automobile insurance needs. MAIF pledges to each of you the benefits of its expertise in insurance issues, and hopes that you will see us as a resource for obtaining motor vehicle insurance information and resolving insurance issues.

House Bill 660 Review and Analysis:

We applaud the intent of House Bill 660 to create a low-cost automobile insurance program for Baltimore City and Prince George's County residents who are unable to afford premiums for the current minimal limits. The legislation appears to track a similar program offered to California residents. The low-cost automobile program is to be administered by Maryland Automobile Insurance Fund, and developed in consultation with the Maryland Insurance Administration. The legislation, as introduced, creates a significant financial burden to Maryland Automobile Insurance Fund, and raises the specter of lowering the number of fully insured motorists in Maryland while creating overwhelming financial difficulties for Maryland Auto. Additionally, there is no provision for capitalizing the program and no provisions for reserves or requirements for surplus.

Applicants must meet the following requirements to purchase this low-cost automobile insurance policy:

- Own, lease or rent a primary place of residence in Baltimore City or Prince George's County for more than one year;
- Filed a Maryland State Income Tax Return;
- Gross annual household income that does not exceed 300% of the Federal poverty level;
- Must be at least 19 years old and continuously licensed to drive for the previous three years;
- May only have one at fault property damage claim or one point for a moving violation within the previous three years;

- No at fault accidents involving bodily injury claims within the previous three years;
- No felony or misdemeanor convictions for a violation of the motor vehicle laws other than for a violation of §17-107 of the Transportation Article;
- Value of vehicle must be $25,000 or less.

Under current law, Maryland vehicle owners must maintain the minimum security required by §17-103 of the Transportation Article: at least bodily injury limits of $30,000/$60,000; property damage limits of $15,000; personal injury protection of $2,500, unless waived or rejected; and uninsured motorist coverage limits of $30,000/ $60,000/ $15,000. House Bill 660 would allow qualifying Baltimore City and Prince George's County residents to satisfy the minimum security requirements required by §17-103 of the Transportation Article with only $15,000/ $30,000 bodily injury limits and $7,500 property damage limits plus interest and costs. Uninsured motorist coverage or underinsured motorist, personal injury protection coverage or another coverage approved by the Insurance Commissioner may be purchased as optional coverages.

We have no way to determine the number of Baltimore City and Prince George's County residents insured with other insurance carriers that may be eligible for the low-cost automobile program or if they would purchase the policy.

Approximately thirty-five percent (35%) or 19,790 of Maryland Auto policies sold in 2019 had a policyholder at least 19 years old with no more than one at fault accident or moving violation who resided in Baltimore City or Prince George's County. We do not collect data on income tax status, annual income, felony or misdemeanor convictions. Our current annual average premium for a liability only policy for policyholders residing in Baltimore City or Prince George's County is $2,071. Maryland Auto estimates the low-cost annual premium will be approximately $1,410. If 35% of the current Maryland Auto policyholders who qualified for the low-cost program entered the program, they would receive a $661 premium reduction. This would result in a $8.4 million reduction in net written premium for Maryland Auto in 2019. The continued reduction in net written premium would reduce surplus, potentially leading to an assessment on all Maryland insurance companies and policyholders.

House Bill 660 requires low-cost automobile program participants to pay premiums in full or on an installment basis. Premium financing is prohibited. The low-cost automobile installment plan requires a down payment of not less than 16%, equal installment payments beginning in the third month and ending in the tenth month, and an installment fee of not more than $3.00. The low-cost installment plan provisions are better than the current Maryland Auto installment plan approved by the General Assembly and the Insurance Commissioner which requires a 20% to 25% down payment, three to eight installments and an installment fee of $2.00, and a late fee of $5.00. In 2019, two percent (2%) of policyholders used our installment plan, two percent (2%) paid in full and ninety six percent (96%) used premium financing.

Maryland Automobile Insurance Fund will incur a one-time $125 rate and form filing fee to the Maryland Insurance Administration. Because of critical security information systems upgrades in 2020 Maryland Auto would need to outsource the low-cost computer programming. Maryland Auto estimates outsourcing the one-time computer programming will cost approximately between $600,000 - $800,000 with an additional $200,000 in annual maintenance. Any interface with other State agencies or outside vendors to determine eligibility will generate additional expenses. We would likely be required to establish a separate business unit, with separate underwriting and accounting systems to manage this new program. Depending on volume, we estimate the direct operating costs for the new low-cost program unit to be approximately $6.6 million annually. The development and implementation of the low-cost automobile insurance program will take more than eight months. Therefore, Maryland Auto will have difficulty in meeting the October 1, 2020 effective date.

In summary, we anticipate a one-time $600,000 - $800,000 to design and implement the low-cost program, $200,000 in annual computer maintenance, and approximately $6.6 million in additional costs to operate the low-cost program annually. In addition, we would expect a $8.4 million reduction in written premium in our basic Maryland Auto policies. This will cause a corresponding reduction in surplus, rendering an assessment more likely in the future.

Please let us know if we can answer any questions.

For Information:	Mark McCurdy – Executive Director	667-210-5181
	Sandra Dodson – Government Relations	667-210-5182

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MARYLAND

AUTO INSURANCE

UNINSURED DIVISION

THE UNINSURED MOTORIST PROBLEM IN MARYLAND

The SB 856 / HB 1161 (2018) Study

January 2020

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VII. RECOMMENDATIONS

Meaningful change in the number and percentage of uninsured motorists requires a holistic approach focused on curing the five major contributors to the number of uninsured Maryland drivers. Possible changes are listed below by category:

A. Ideas Addressing Affordability Generally

To address the high cost of automobile insurance in Maryland, the industry representatives offered a number of legislative proposals. These well thought out proposals, described below, would generally lower the overall cost of insurance. Most would do little to lower the uninsured rate. Their incremental impact is simply too small to make, in themselves, an unaffordable insurance policy affordable. But nonetheless, these proposals would lower the overall cost of insurance in Maryland and deserve mention and endorsement.

1. Producers and premium finance companies suggested a one-year or even six-month registration for repeat uninsured motorist violators. The MDOT MVA noted that a one-year or six-month registration would require a legislative change, involves significant implementation costs, and will have short-term revenue impacts.
2. The industry asserted that the threshold for a civil jury should be lowered. This limit, first adopted at $10,000 in 2006 was raised to $15,000 in 2010 and in 2019, legislation was introduced to double the threshold to $30,000. According to the industry, these limits are negative and add to costs in that more automobile cases are kept in the District Court with limited discovery and without a jury to examine the facts. The industry offered the following rationale:

   An analysis of civil jury trial threshold limits for all 50 states found that the vast majority of states have no threshold for civil jury trials, and among those 14 states that do, Maryland's threshold is the ***second highest*** *in the nation only behind Louisiana. Louisiana ranks as the second highest auto costs in the country... Maryland's current threshold already demonstrates that Maryland is out of touch as compared to other states for civil jury cases.*

3. The industry report notes that over the "past several years, legislation was introduced that creates a direct cause of action against an auto insurer by a third-party claimant. This means a policyholder would no longer be the party to the suit, but rather the insurance company." This would be extremely negative in that "substituting the policyholder's insurer for the policyholder, who was the actual party involved in the accident that is the subject of the litigation, reduces the policyholder's incentive to cooperate with the insurance company in defending the action." The industry contends that legislation to allow a direct action should be stopped.

In addition, the industry, producers and government officials offered the following additional suggestions to reduce the cost of insurance:

4. Producers, the industry and the Insurance Commissioner referred to insurance fraud as a cost driver, and all cited staged accidents as an issue. The industry proposed adopting stronger laws to address staged accidents.

5. The industry proposed the adoption of an enhanced seat belt law making nonuse by backseat occupants a primary offense allowing law enforcement to pull over a driver for this reason alone.

6. The industry proposed the adoption of an enhanced distracted driving law involving stronger penalties.

7. The industry proposed the adoption of a No Pay, No Play law.

8. Under Transportation Article §17-103(b), the minimum limits in Maryland are 30/60/15 - \$30,000 per person/\$60,000 per occurrence and \$15,000 for property damage. This was cited as a cost driver by both the industry and some producers since the surrounding states are 25/50/10. Lowering the limits would lower the overall cost of insurance.

9. An increase in the deductible from \$250 to \$500 for UM property damage coverage under Insurance Article §19-509 and §20-601 would reduce fraud and claims costs. This limit has been the same for almost 30 years.

B. Recommendations Relating to the Affordability of Maryland Auto Policies

While many of the proposals identified in the Study would reduce the number of uninsured motorists, it seems clear that to increase the number of uninsured individuals who can become insured requires a more focused approach on affordability, especially affordability in the residual market, i.e. Maryland Auto.

The cost of insurance is simply not affordable for many drivers. Some drivers with poor driving and accident records may never achieve affordable insurance until they have reformed their record by being accident and/or moving violation free with Maryland Auto for three years. But there are drivers who depend on Maryland Auto either due to a history of being uninsured, a poor credit or insurance payment history or inability to meet the voluntary market's underwriting criteria. For these driver, especially in Baltimore City and Prince George's County, the ultimate solution is to ensure the availability of affordable insurance.

The following recommendations, if adopted would make Maryland Auto policies more affordable and allow more people to buy and retain insurance:

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1. Insurance Article §20-507 (f) and (g) should be repealed to allow policyholders of Maryland Auto to pay under installment payment plans in the same fashion as the private market. In addition, whether or not the restricted installments remain in the law, producers and PFCs should be required to execute a disclosure form signed by the policyholder. This form would document that the policyholder was aware of the opportunity to pay installments directly to Maryland Auto, but declined to do so.

2. The requirement in Insurance Article §20-520(d) that Maryland Auto send notice to policyholders that have been accident and moving violation free for three years to encourage the policyholder to seek insurance should be repealed.

3. The opportunity to exclude a named driver in Insurance Article §27-609 should be amended to include policyholders of Maryland Auto. At the request of a policyholder, and in order to keep the policy in force, a Maryland Auto policyholder should be able to exclude a household members whose driving record would results in a substantial premium increase making the policy unaffordable and subject to cancellation for inability to pay the premium.

4. The Two-Turn-Down requirement contained in Insurance Article §20-502 should be repealed.

5. Maryland Auto should be allowed to appoint producers and to pay commissions in the same fashion as the private market and Insurance Article §20-512 should be repealed.

6. The language contained in Insurance Article §20-408 that provides an insurer, in order to recoup an assessment, must state on each premium billing to a policyholder *"Recoupment of MAIF assessment $_____"* should be repealed. The assessment should be included in an insurer's general expense for rate-filing purposes and not billed to each policyholder who is not responsible for the assessment. This would allow an assessment to occur without creating confusion, concern and complaints from a fraction of the 4 million policyholders that may be billed if an assessment occurs. This issue was discussed in more detail previously in Section IV. C.

7. A pilot program for a subsidy or premium credit should be created. If Maryland Auto subsidized rates in some fashion it would simply be in recognition of the fact that an "adequate" rate will often not be an affordable rate. Maryland Auto cannot simply raise rates to achieve financial success as this would exacerbate the uninsured problem. For this reason, the Maryland Auto statute has for many years provided that "in reviewing rates filed by the Fund, the Commissioner shall consider not only the rating principles under Title 11 (rates may not be excessive or inadequate). . . but also the statutory purpose of the Fund . . . ". Inadequate rates though, while satisfying our statutory purpose, are not a route to financial solvency and a subsidy, separately funded would be appropriate.

A direct solution to the affordability at Maryland Auto would be to provide premium subsidies or credits to individuals with good driving records but who are not eligible for insurance in the voluntary market. Subsidies however are complex and have the potential to reward the wrong incentives. Therefore a pilot project would be appropriate to test different models to determine the best, most efficient approach.

A pilot subsidy project should be developed and administered by the Uninsured Division of Maryland Auto. The Uninsured Division was created in 1957 as the Unsatisfied Claims and Judgement Fund and as part of the original 1972 MAIF statute, MAIF took over administration of the Uninsured Division operation. The Uninsured Division is an entity of the State and has "an essential role" in the performance of "governmental functions". *Harrison v. Motor Vehicle Administration, 302 Md. 634,647(1985).*

SB 856 / HB 1161 recognized that, as an agency of the State, the Uninsured Division should be vitally involved in the effort to reduce the rate of uninsured motorists and thereby reduce the number of potential claims. In fact, the Uninsured Division did lead, in 2017, the State's efforts to publicize the law change requiring Maryland drivers to have an insurance card in their vehicle. This public outreach campaign notified individuals of the need to carry the card. It also emphasized what ought to be the State's overall message: auto insurance is required, it is readily available in the private market, and if you cannot obtain it in the private market, Maryland Auto will sell it to you – guaranteed.

Maryland Auto and its Uninsured Division are unique. It is the State's statutorily created, guaranteed market provider of automobile insurance. No other State agency can write an auto insurance policy. At the same time, the Uninsured Division can administer State funds and programs and has the legal authority to obtain motor vehicle records that are barred from other insurers. This combination of attributes makes the Uninsured Division uniquely qualified to perform the functions outlined in SB 856 / HB 1161.

SB 856 / HB 1161 did require the consideration of other insurers and producers in connection with subsidies or premium credits. Producers would be fully involved in any program, including the pilot. As noted above, all Maryland Auto policies are written through producers and this will not change.

Other insurers are more difficult to include. As noted above, Maryland Auto is a governmental entity and is overseen by a Board that is appointed by the Governor. It is a non-profit entity with a public mission and public accountability. Private insurers on the other hand would be interested in the subsidies only if it was consistent with their for profit model. It would be difficult to provide public funding to private insurers without a significant amount of oversight. At this point, it is not recommended that private insurers be included in any pilot. Further consideration could be given if a pilot proves successful.

A pilot rate subsidy would have to be developed but could involve, for example:

- Rates for needy Maryland residents who are working with workplace development entities and who need access to a car for employment could be subsidized to assist in the State's economic development effort. This was suggested by many officials who are concerned about the ability of workers to reach jobs or training sites where public transportation is lacking;

- A partnership could be created with non-profits, e.g., Vehicles For Change, that already have a client base of low-income individuals who need affordable insurance in order to obtain or maintain employment;

- Motorists with good driving records but who have been previously uninsured for 6 or 12 months could be subsidized to incentivize the uninsured to buy a policy;

- Motorist in zip codes where the cost of insurance with Maryland Auto is a multiple of the 2% affordability index could have subsidized rates, for example, Baltimore City, Prince George's County, part of Allegany and Garret County, as was discussed in Section V. A. (3) above.

8. To fund the pilot project, legislation could be adopted to grant Maryland Auto a larger portion of the uninsured motorist fines collected and distributed by the MDOT MVA under Transportation Article §17-106. Currently, the Uninsured Division receives $3.8 million from the annual $75 million collected in uninsured motorist fines. The Vehicle Theft Protection Fund receives $2 million; $ .6 million goes to the Safe Schools Fund and $25 million goes to the MDOT MVA. The remainder, nearly $50 million goes to the General Fund. This funding issue is discussed in detail in Section V.C. above and Section VII. D. that follows, but the basic issue is whether the penalties paid by uninsured motorist should be used to a greater extent to address the uninsured motorist problem in the State.

9. The premium tax exemption provided in Chapter 509, Laws of Maryland (2017)(SB 509) should be made permanent. SB 509 (2017) granted Maryland Auto an exemption from the 2% premium tax in order to enhance Maryland Auto's surplus. This exemption is subject to a June 30, 2022 sunset. The Insurance Commissioner recently issued his Premium Tax Exemption Report and concluded that the exemption added to Maryland Auto's surplus and did not materially subsidize rates. The premium tax exemption assists Maryland Auto in maintaining an adequate surplus and this exemption should be made permanent.

C. Actions to Remove Barriers to Re-entry Into Insured Driving

1. The MDOT MVA should not be used as a collection tool for parking tickets and other violations unrelated to public safety. The system of entering "flags" to bar the registration of vehicles for such tickets should be re-evaluated and prohibited in most cases.

2. Alternatively, if a total ban is not feasible, MDOT MVA flags should be discounted or waived for low income people who cannot both pay the debt and at the same time register and insure a vehicle. The Abel Foundation report proposed that individuals whose family income was less than 200% of the poverty level be exempt from a driver's license suspension based on arrears in child support payment. The same number could apply to vehicle registrations for parking or other tickets.

3. For any remaining flags, there should be a single electronic portal where all fines subject to an MDOT MVA flag flags can be lifted and the tickets or fines paid electronically. If a jurisdiction does not accept electronic payment it should not be able to flag a vehicle and bar registration. The FineFix web site is an example of a program that was user friendly, could determine eligibility, pay the delinquent fine and have the MDOT MVA lifted immediately. A similar portal could be developed for the various flags that now bar registration.

4. Amnesty Programs from Existing Flags.

   The FineFix infrastructure could be used to conduct amnesty programs for other fine or penalty programs and could be used as a central portal to clear various fines and penalties that lead to MDOT MVA flags.

   The FineFix Program, authorized by SB 856 / HB 1161, has been quite successful. Under this program, individuals who had delinquent uninsured motorist penalties that barred them from registering a vehicle could clear their fine by paying 20% of the fine. The other 80% would be waived and their MDOT MVA flag lifted. This was a win-win for the State. Many of the debts were deemed uncollectable due to their size or age so the collection of 20% was a reasonable return for the State. By the same token by paying a more manageable 20% allowed Maryland resident to get in good standing with the MDOT MVA, have their flag lifted and be eligible to register a vehicle at MDOT MVA.

   While the program is not yet over, 23,000 Maryland residents enrolled in the program. If they continue to make payments as agreed, these 23,000 residents will have their MDOT MVA uninsured motorist penalty flag removed. Already several thousand have paid their 20% and have cleared their debt. Nearly all these participants, made one or more payment on line or by phone and most used credit cards. Participants could go to a user friendly web page and verify eligibility, determine the amount due, set up a payment schedule or pay in full. No one was required to visit a State office or use the mail.

   Unfortunately some of these 23,000 individuals also had a parking ticket or other fine somewhere in the State. As a result, these individuals, even though they entirely cleared their MDOT MVA uninsured motorist penalty debt, could not register their vehicle because their registration was still flagged due to a parking ticket or other fine owed to a city, town , county or State or Federal agency. All had to deal directly with the entity that issued the ticket by phone, mail or even in person to clear the ticket or fine. MDOT MVA has no role in clearing the fine, but cannot lift the flag until told to do so by the city, town, county or State or Federal agency.

D. Better Funding and Coordination in State Government

To reduce, in a meaningful way, the rate of uninsured motorist requires funding. If Maryland Auto had a funding source in addition to premiums and investment income, it could provide more affordable rates and insure at least a portion of the uninsured. The most logical sources for this funding are the assessment mechanism and the uninsured motorist penalty fund.

1. Funding Options

As discussed previously in Section IV. C., from the beginning in 1973, the Legislature authorized an assessment mechanism to provide a periodic cash infusion to Maryland Auto. Maryland Auto would not always be able to consistently achieve financial success based solely on premiums received from policyholders who were all rejected by the private market. It would be similar to expecting a health insurer that insured only people with pre-existing conditions to be consistently profitable.

Assessments were imposed between 1977 and 1989 but none since. These assessments were $5.00 or less per policy which today would generate $20 million. Under the law, insurers initially pay the assessment and are then authorized to bill each Maryland policyholder for the assessment paid. This created public confusion and complaints.

Because millions of drivers were specifically billed, thousands of questions, concerns and complaints were received by elected officials, State regulators and Maryland Auto. But there is no reason why these assessments have to be billed directly to individual members of the public. After all, the cost of the assessment is totally unrelated to the individual policyholder who was insured in the private market and could see no benefit or reason to pay for a Maryland Auto assessment.

The Maryland Auto assessment is one of several insurance company assessments provided for in State law. For example:

- Guaranty Fund, *Insurance Article §9-306* (to pay claims of insolvent insurers);
- Uninsured Employers Fund, *Labor and Employment Article §10-304 and §9-1007*: (to pay claims of injured workers whose employer did not carry workers compensation insurance);
- MIA Insurance Regulation Fund, *Insurance Article §2-502* (to cover the entire cost of the operation of the MIA);

- Fraud Prevention Fee *Insurance Article §6-201(to support insurance regulation in the State).*

- Workers Compensation Commission Assessment, *Labor and Employment Article §9-316* (covers all the expenses of the Workers Compensation Commission).

These assessments are all paid by insurers but are not directly billed back to policyholders. Instead, the costs would be included as part of an insurer's expense load during rate-making. It is the cost of doing business in Maryland and are not specifically billed to individual policyholders. By contrast, the Maryland Auto assessment is billed directly to policyholders even though these costs are not attributable to the policyholders risk profile.

The complaints could be eliminated entirely if the statute were amended to conform to other insurance company assessments by simply deleting the provision allowing insurers to directly bill policyholders.

If recouping the assessment from individual policy holders were eliminated, the remaining assessment structure could remain and insurers could simply recover the cost through the expense load in the same fashion as the other insurance related assessments. In fact, this concept is already in the Maryland Auto statute: an insurer "has the right to . . . recover all or part of an annual assessment as costs in rate filings under this [Insurance] article." *Insurance Article § 20-407(c).*

An annual assessment would allow Maryland Auto to provide rates at a more affordable level in areas that are currently totally unaffordable.

2. Uninsured Motorist Fines

As an alternative to an assessment, funding could be provided through the uninsured motorists' penalty fund, as discussed previously in Section V. C. This could be done two ways.

First, restoring at least some of the $41 million in funds that were transferred from the Uninsured Division to the General Fund would allow the Uninsured Division to address the uninsured population and strive to transition as many drivers as possible to insured status.

Second, the existing formula could be adjusted to provide funding to Maryland Auto to address the uninsured motorist issue. The funding formula could restore Maryland's original share of the whole by changing it from a fixed dollar amount to a percentage of overall fines.

3. Mandate a Coordinated and Cohesive Government Response

   a. Remove data sharing restrictions that inhibit the flow of information between MIA, MDOT MVA and Maryland Auto.

      The MIA's report on the use of occupation and education level in underwriting insurance policies was done without consultation with the Uninsured Division. The data obtained for the report was not shared (despite request) with the Uninsured Division. Our review of the report shows little integration of MDOT MVA data.

   b. Require the Uninsured Division to report on the use of credit factors in underwriting practices in coordination with the MDOT MVA and MIA.

   c. Require the MIA to inform policyholders of insurance companies placed by it in impairment or receivership status of their right to coverage at Maryland Auto.

   d. Empower MVA and Maryland Auto to provide education information at MDOT MVA offices on the insurance system.

   e. Allow qualified individuals who need insurance to purchase Maryland Auto policies at kiosks at MVA facilities.

E. Education Initiatives

There is no cohesive planning body working to coordinate educational initiatives. There also is not sufficient funding for such initiatives with government.

1. Increase the flow of funds to the Uninsured Division by encouraging law enforcement to increase efforts regarding the $50 fine for not producing proof of insurance upon request.

2. Mandate carriers to spend a designated portion of advertising budgets on educating Marylanders that motor vehicle insurance is mandatory and available for rejected applicants at Maryland Auto.

F. Enforcement Recommendations

Properly timed enforcement actions, appropriately moderated for economic status, are an important tool in the fight against uninsured driving. If these actions take place in the current environment, however, they will not be successful.

This is because the basic issue is the cost of the policy. If the cost is unaffordable, a high fine is also unaffordable. If people on the lower rungs of the economic ladder are subjected to more draconian enforcement measures (towing of a car, removal of tags), then the economic development needs highlighted in this report are defeated.

If steps are taken to enable an educated population to purchase an affordable policy, then, and perhaps only then, enforcement actions should be enhanced.

Listed below are a series of options for policymakers in considering enhanced enforcement efforts.

1. Modernize the Fine and Penalties for Driving Uninsured

    a. In 1991, the current uninsured motorist penalty fine structure (Transportation Article §17-106) was enacted. The fines are assessed by the MDOT MVA at a rate of $150.00 the first 30 days, beginning on the 31st day the fine increases to $7.00 per day with a maximum of $2,500 in a 12th month period. Some producers opined that the uninsured motorist fines imposed by MDOT MVA were too low to incentivize motorists to purchase insurance. The maximum fine amount is less than the cost of insurance provided by Maryland Auto in many cases. As a result, the argument goes, that it does not make economic sense to buy automobile insurance.

        Others have argued, however, that the fine structure, as a barrier to registrations, ensures that uninsured motorists will often not be able to clear the fines <u>and</u> also buy insurance. As discussed previously, this barrier may simply mean that the driver will not become insured. This result is particularly onerous for low income drivers.

    b. The fine should be calibrated to allow lower income individuals a chance to be able to pay it off. This can be accomplished by a grant of latitude to the MDOT MVA and courts, or by an overt separate fine scheduled for individuals below a certain household income level.

2. Correct Maryland's Haphazard Enforcement System

    Three enforcement actions were widely advocated.

    a. The most widely advanced enforcement measure related to the two-year registration stickers (or evidence of required security) issued by the MDOT MVA at the time of successfully registering a vehicle. There was a wide belief that once cited for driving uninsured, individuals should only be given a sticker valid for six months. At the end of the six months, they would be required to prove that the vehicle was still insured before getting new stickers.

    b. Another widely held belief was that there must be an accurate real time verification system for law enforcement and the MDOT MVA to determine if a vehicle is insured. MDOT MVA officials indicated that an enhanced system will be in service later in 2020. If this system is effective, it will be a significant step towards reducing the number of erroneously issued registrations.

c. The third most mentioned enforcement measure was an increase in tag pick up programs. Testimony noted the number of times uninsured drivers were interacting with State controlled "touch points" (emission stations, toll roads…). If the tag is invalid when the vehicle is at such a touch point, testimony advocated for the removal of the tag.

3. Make Uninsured Driving a Higher Priority for Law Enforcement

Police must enforce the "gateway" insurance card law established in 2016's SB 544 / HB 720. As the report demonstrates in Section V. E.3., this law is not being enforced.