

Department of Legislative Services
Maryland General Assembly
2024 Session

FISCAL AND POLICY NOTE
First Reader

House Bill 1387
Economic Matters

(Delegate Adams, *et al.*)

Private Passenger Motor Vehicle Insurance - Premium Increases - Collisions
With Wild Animals

This bill prohibits a private passenger motor vehicle insurer from increasing a premium based on the claims history of an insured where two or fewer of the claims within the immediately preceding three-year period were for accidents or losses caused by a collision with a free-roaming wild animal and for which the insured was not at fault for the loss.

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2025; review of additional filings can be handled with existing resources. General fund revenues may be affected, as discussed below.

Maryland Automobile Insurance Fund (MAIF) Effect: The bill is not anticipated to affect MAIF operations or finances because MAIF advises that it does not adjust its premiums based on accidents with wild animals.

Local Effect: The bill does not directly affect local governmental operations or finances.

Small Business Effect: Minimal.

Analysis

Current Law: Insurance law applied for private passenger motor vehicle insurance does not include any requirements, exceptions, or other specifications related to accidents and losses caused by a collision with a free-roaming wild animal.

Similar to the bill's prohibition, a private passenger motor vehicle insurer may not cancel or refuse to renew coverage based on the claims history of an insured where two or fewer of the claims within the preceding three-year period were for accidents or losses where the insured was not at fault for the loss.

Insurance law also prohibits various types of insurers from using specified events and circumstances to increase the premium for an insurance policy. For example, a private passenger motor vehicle insurer or a homeowner's insurer may not increase the premium for an insured who becomes a surviving spouse based solely on the insured's change in marital status. Additionally, no insurer may use an insured's status as an organ donor to increase premium rates for an insurance policy.

State Revenues: Title 6 of the Insurance Article imposes a 2% premium tax on each authorized insurance company, surplus lines broker, or unauthorized insurance company that sells, or an individual who independently procures, any type of insurance coverage upon a risk that is located in the State. Revenues accrue to the general fund.

Currently available information indicates that private passenger automobile insurers in the State are uncertain as to what effect the bill has on premiums for private passenger automobile insurance policies. While insurers would be unable to increase premiums based on the claims history specified under the bill, insurers may choose to adjust their premiums in other ways. Thus, the direction and extent of any impact on general fund revenues from the premium tax cannot be reliably estimated at this time.

Additional Comments: The Department of Legislative Services advises that the bill could be interpreted to only allow a private passenger motor vehicle insurer to increase a premium based on any claim *after* three or more claims within the immediately preceding three-year period for accidents or losses caused by a collision with a free-roaming wild animal for which the insured was not at fault for the loss. Under this interpretation, an insurer would not be allowed to increase a premium based on any number of collisions with other vehicles or property unless the insured has made three or more claims for collisions with wild animals that meet the bill's specifications.

Additional Information

Recent Prior Introductions: Similar legislation has not been introduced within the last three years.

Designated Cross File: SB 172 (Senator Bailey) - Finance.

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

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