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**By: Delegates Poole, Donoghue, and McKee**  
Introduced and read first time: February 2, 1996  
Assigned to: Commerce and Government Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Vehicle Laws - Traffic Stops - Proof of Insurance**

3 FOR the purpose of requiring the owner of a motor vehicle required to be registered in  
4 the State to maintain in the motor vehicle at all times proof that the motor vehicle  
5 possesses the required insurance coverage; exempting certain owners from the  
6 requirement to maintain proof of insurance in the vehicle; prohibiting the  
7 imposition of certain penalties for failure to maintain proof of insurance in the  
8 vehicle; requiring a police officer who detains a driver for a certain reason to  
9 request proof that the vehicle has insurance coverage; exempting certain drivers  
10 from the requirement to prove that the vehicle has insurance under certain  
11 circumstances; requiring the police officer to provide the driver with a certain form  
12 when the driver cannot provide proof of insurance; requiring an owner to prove to  
13 the Motor Vehicle Administration that the vehicle is insured under certain  
14 circumstances, in a certain manner, and by a certain date; prescribing a certain  
15 presumption against the owner under certain circumstances; authorizing the owner  
16 to rebut or mitigate the presumption under certain circumstances in a certain  
17 manner; and generally relating to proof of insurance for a motor vehicle.

18 BY repealing and reenacting, with amendments,  
19 Article - Transportation  
20 Section 17-104  
21 Annotated Code of Maryland  
22 (1992 Replacement Volume and 1995 Supplement)

23 BY repealing and reenacting, without amendments,  
24 Article - Transportation  
25 Section 17-106  
26 Annotated Code of Maryland  
27 (1992 Replacement Volume and 1995 Supplement)

28 BY adding to  
29 Article - Transportation  
30 Section 17-108.1  
31 Annotated Code of Maryland  
32 (1992 Replacement Volume and 1995 Supplement)

2

1 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
2 MARYLAND, That the Laws of Maryland read as follows:

3 **Article - Transportation**

4 17-104.

5 (a) The Administration may not issue or transfer the registration of a motor  
6 vehicle unless the owner or prospective owner of the vehicle furnishes evidence  
7 satisfactory to the Administration that the required security is in effect.

8 (b) The owner of a motor vehicle that is required to be registered in this State  
9 shall maintain the required security for the vehicle during the registration period.

10 (C) (1) EXCEPT FOR THE OWNER OF A MOTOR VEHICLE OFFERED FOR  
11 RENT UNDER TITLE 18 OF THIS ARTICLE, THE OWNER OF A MOTOR VEHICLE THAT IS  
12 REQUIRED TO BE REGISTERED IN THIS STATE SHALL MAINTAIN IN THE MOTOR  
13 VEHICLE AT ALL TIMES PROOF OF THE REQUIRED SECURITY FOR THE MOTOR  
14 VEHICLE.

15 (2) FAILURE TO MAINTAIN PROOF OF THE REQUIRED SECURITY IN THE  
16 MOTOR VEHICLE IS NOT:

17 (I) A MOVING VIOLATION FOR PURPOSES OF ASSESSING POINTS  
18 UNDER § 16-402 OF THIS ARTICLE; OR

19 (II) A MISDEMEANOR FOR PURPOSES OF § 27-101 OF THIS ARTICLE.

20 17-106.

21 (a) If the required security for any vehicle terminates or otherwise lapses at any  
22 time, the registration of that vehicle:

23 (1) Is suspended automatically as of the date of termination or lapse; and

24 (2) Remains suspended until:

25 (i) The required security is replaced and the vehicle owner submits  
26 evidence of replaced security on a form as prescribed by the Administration and certified  
27 by an insurer or agent; and

28 (ii) Any uninsured motorist penalty fee assessed is paid to the  
29 Administration.

30 (b) (1) Except as provided in paragraph (2) of this subsection, each insurer or  
31 other provider of required security immediately shall notify the Administration of those  
32 terminations or other lapses that are final.

33 (2) Each insurer or other provider of required security for a vehicle  
34 registered as a Class B (for hire) vehicle under Title 13 of this article shall notify the  
35 Administration within 45 days of a termination or other lapse that is final and occurs  
36 anytime after the required security is issued or provided.

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1 (c) On receipt of a notice under subsection (b) of this section, the Administration  
2 shall make a reasonable effort to notify the owner of the vehicle that his registration has  
3 been suspended.

4 (d) (1) Within 48 hours after an owner is notified by the Administration of the  
5 suspension of registration, the owner shall surrender all evidences of that registration to  
6 the Administration.

7 (2) If the owner fails to surrender the evidences of registration within the  
8 48-hour period, the Administration:

9 (i) Shall attempt to recover from the owner the evidences of  
10 registration; and

11 (ii) May suspend his license to drive until he returns to the Motor  
12 Vehicle Administration the evidences of registration.

13 (e) (1) (i) In addition to any other penalty provided for in the Maryland  
14 Vehicle Law, if the required security for a vehicle terminates or otherwise lapses during  
15 its registration year, the Administration may assess the owner of the vehicle with a  
16 penalty of \$150 for each vehicle without the required security for a period of 1 to 30 days.  
17 If a fine is assessed, beginning on the 31st day the fine shall increase by a rate of \$7 for  
18 each day.

19 (ii) Each period during which the required security for a vehicle  
20 terminates or otherwise lapses shall constitute a separate violation.

21 (iii) The penalty imposed under this subsection may not exceed \$2,500  
22 for each violation in a 12-month period.

23 (2) (i) A penalty assessed under this subsection shall be paid as follows:

24 1. Of the initial \$150 collected:

25 A. 90% to be allocated to the Vehicle Theft Prevention Fund,  
26 the Maryland Automobile Insurance Fund and the General Fund as provided in  
27 subparagraph (ii) of this paragraph; and

28 B. 10% to the Administration; and

29 2. Of any amount collected that is over \$150:

30 A. 50% to be allocated to the Vehicle Theft Prevention Fund,  
31 the Maryland Automobile Insurance Fund and the General Fund as provided in  
32 subparagraph (ii) of this paragraph; and

33 B. 50% to the Administration.

34 (ii) The percentage of the penalties specified under subparagraph (i)  
35 of this paragraph shall be distributed as follows:

36 1. In Fiscal Year 1994:

37 A. \$2,700,000 to the Maryland Automobile Insurance Fund; and

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1 B. The balance to the General Fund.

2 2. In each fiscal year after Fiscal Year 1994:

3 A. \$2,000,000 to the Vehicle Theft Prevention Fund established  
4 under Article 41, § 4-1604 of the Code;

5 B. The amount distributed to the Maryland Automobile  
6 Insurance Fund in the prior fiscal year under the provisions of this subparagraph adjusted  
7 by the change for the calendar year preceding the fiscal year in the Consumer Price Index  
8 - All Urban Consumers - Medical Care as published by the United States Bureau of  
9 Labor Statistics to the Maryland Automobile Insurance Fund; and

10 C. The balance to the General Fund.

11 (3) If the Administration assesses a vehicle owner or co-owner with a  
12 penalty under this subsection, the Administration may not take any of the following  
13 actions until the penalty is paid:

14 (i) Reinstate a registration suspended under this subsection;

15 (ii) Issue a new registration for any vehicle that is owned or co-owned  
16 by that person and is titled after the violation date; or

17 (iii) Renew a registration for a vehicle that is owned or co-owned by  
18 that person and is titled after the violation date.

19 (4) (i) In this paragraph, "family member" means any individual whose  
20 relationship to the vehicle owner is one of those listed under § 13-810(b)(1) of this article  
21 as being exempt from paying the excise tax imposed on the transfer of a vehicle.

22 (ii) The monetary penalties provided in this subsection may not be  
23 avoided by transferring title to the vehicle.

24 (iii) Regardless of whether money or other valuable consideration is  
25 involved in the transfer, if title to a vehicle is transferred by an individual who has  
26 violated this subtitle to a family member, any suspension of the vehicle's registration that  
27 occurred before the transfer shall continue as if no transfer had occurred and a new  
28 registration may not be issued until the penalty fee is paid.

29 (5) An amount equal to the monetary penalties paid to the Administration  
30 under paragraph (2) of this subsection may be used by the Administration only for the  
31 enforcement of this subtitle.

32 17-108.1.

33 (A) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,  
34 WHEN A POLICE OFFICER DETAINS A DRIVER OF A MOTOR VEHICLE FOR A  
35 SUSPECTED VIOLATION OF A PROVISION OF THE VEHICLE LAWS, THE POLICE  
36 OFFICER SHALL REQUEST THE DRIVER TO PROVIDE PROOF OF INSURANCE FOR THE  
37 MOTOR VEHICLE.

1 (2) IF THE POLICE OFFICER DETERMINES THAT NEITHER THE DRIVER  
2 NOR A PASSENGER IS THE REGISTERED OWNER OF THE MOTOR VEHICLE, THIS  
3 SECTION DOES NOT APPLY.

4 (B) IF THE OWNER OF THE MOTOR VEHICLE DOES NOT PROVIDE PROOF OF  
5 INSURANCE, THE POLICE OFFICER SHALL PROVIDE THE OWNER A FORM  
6 PRESCRIBED BY THE ADMINISTRATION FOR THE PURPOSE OF PROVING THAT THE  
7 MOTOR VEHICLE HAS INSURANCE COVERAGE.

8 (C) THE REGISTERED OWNER SHALL SUBMIT PROOF OF INSURANCE WITHIN  
9 30 DAYS OF THE DETENTION UNDER SUBSECTION (A) OF THIS SECTION ON A FORM  
10 PRESCRIBED BY THE ADMINISTRATION AND CERTIFIED BY AN INSURER OR AGENT.

11 (D) (1) FAILURE OF THE OWNER TO COMPLY WITH SUBSECTION (C) OF THIS  
12 SECTION IS PRIMA FACIE EVIDENCE THAT THE MOTOR VEHICLE HAS BEEN  
13 UNINSURED SINCE THE EFFECTIVE DATE OF THE MOTOR VEHICLE'S MOST RECENT  
14 REGISTRATION.

15 (2) A MOTOR VEHICLE OWNER WHO HAS MAINTAINED THE REQUIRED  
16 SECURITY, BUT WHO HAS FAILED TO SUBMIT THE REQUIRED PROOF WITHIN THE  
17 30-DAY PERIOD, MAY SUBMIT THE REQUIRED PROOF TO REBUT THE PRESUMPTION  
18 MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION.

19 (3) A MOTOR VEHICLE OWNER AGAINST WHOM A PRESUMPTION HAS  
20 BEEN MADE UNDER PARAGRAPH (1) OF THIS SUBSECTION MAY SUBMIT PROOF THAT  
21 THE OWNER'S LAPSE IN REQUIRED SECURITY HAS BEEN FOR A PERIOD OF SHORTER  
22 DURATION THAN THE PERIOD SPECIFIED IN THE PRESUMPTION.

23 (4) NOTHING IN THIS SECTION PREVENTS THE ADMINISTRATION FROM  
24 ASSESSING A PENALTY CALCULATED ON THE ENTIRE PERIOD OF A LAPSE IN  
25 REQUIRED SECURITY SINCE THE EFFECTIVE DATE OF THE MOTOR VEHICLE'S MOST  
26 RECENT REGISTRATION.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 October 1, 1996.