

Department of Fiscal Services  
Maryland General Assembly

FISCAL NOTE

House Bill 1063 (Delegate Muse)  
Economic Matters

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**Automobile Insurance - Limitations on Surcharges**

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This bill prohibits a motor vehicle insurer from imposing a surcharge against an insured for an accident for which no payment is made by the insurer or for a first accident chargeable under the policy. In addition, a surcharge for a second or subsequent accident may not exceed the amount of the claim paid or reserved by the insurer prorated over a three-year period.

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**Fiscal Summary**

**State Effect:** General fund revenues would increase by about \$40,000 due to one-time fees collected by the Maryland Insurance Administration. Expenditures would not be affected.

**Local Effect:** None.

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**Fiscal Analysis**

**State Revenues:** The Department of Fiscal Services (DFS) assumes that insurance premium taxes would not be affected because insurers could charge higher premium rates to all drivers and institute discounts to drivers without chargeable accidents. In effect, the net written insurance premiums and, subsequently, the insurance premium taxes, would remain unchanged.

It is assumed that about 100 private passenger motor vehicle insurers will submit revised rule and rate filings and pay a \$200 fee and 200 commercial motor vehicle insurers will submit revised rate filings and pay a \$100 fee. As a result, general fund revenue would increase by about \$40,000 in fiscal 1997. This is a one-time increase and will not occur in future years.

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**Information Source(s):** Maryland Insurance Administration

**Fiscal Note History:** First Reader - February 19, 1996

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