

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE

Senate Bill 268 (Senator Ruben)
Finance

Motor Vehicle Liability Insurance - Rating Principles - Senior Citizens

This bill provides that an insurer writing motor vehicle personal injury and property damage coverage must provide actuarially justified rate reductions to any insured who is at least 55 years of age and has successfully completed a course in accident prevention.

Fiscal Summary

State Effect: General fund revenues would increase by about \$10,600 in FY 1997. Revenues in the out-years are adjusted for inflation and reflect a decrease in the total premium taxes collected.

(in dollars)	FY 1997	FY 1998	FY 1999	FY 2000	FY 2001
GF Revenues	\$10,600	(\$9,700)	(\$10,000)	(\$10,300)	(\$10,600)
GF Expenditures	0	0	0	0	0
Net Effect	\$10,600	(\$9,700)	(\$10,000)	(\$10,300)	(\$10,600)

Note: () - decrease; GF - general funds; FF - federal funds; SF - special funds

Local Effect: None.

Fiscal Analysis

State Revenues: The bill would require private passenger automobile insurers to provide a discount to senior citizens who meet certain qualifications. Therefore, approximately 100 insurers would revise their rates and submit filings with the Insurance Commissioner. Since the form filing fee is \$100 and the rate filing fee is \$100, general fund revenues would increase by \$20,000 in fiscal 1997.

Approximately 775,000 of Maryland's drivers are over 55 years of age. It is estimated that 10% of these drivers will successfully complete a course in accident prevention and become eligible for the premium discount provided by this bill. If the actuarially justified premium discount is 5%, net direct written premiums for motor vehicle personal injury and property damage coverage will decrease by \$470,500. Based on these estimates, the State will collect \$9,400 less in premium taxes in fiscal 1997.

The net effect on general fund revenues will be an increase of \$10,500 in fiscal 1997 which represents an increase of \$20,000 in filing fees and a decrease of \$9,400 in premium taxes. Revenue projections in the out-years reflect a decrease in premium taxes adjusted to reflect a 3% growth.

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

Fiscal Note History: First Reader - February 5, 1996

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Analysis by: Tina Bjarekull
Reviewed by: E. P. Sayre
(410) 841-3710
(301) 858-3710

Direct Inquiries to:
John Rixey, Coordinating Analyst