
By: Senator Bromwell

Introduced and read first time: January 30, 1997

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: March 4, 1997

CHAPTER ____

1 AN ACT concerning

2 **Maryland Automobile Insurance Fund - Assessment Limits**

3 FOR the purpose of altering the calculations by which assessment limits for the
4 commercial auto and private passenger auto divisions are determined for
5 certification by the Board of Trustees of the Maryland Automobile Insurance Fund
6 to the Board of Directors of the Industry Automobile Insurance Association under
7 certain circumstances; and generally relating to assessment limits in the Maryland
8 Automobile Insurance Fund.

9 BY repealing and reenacting, without amendments,

10 Article - Insurance
11 Section 20-404(a) and (f)
12 Annotated Code of Maryland
13 (1996 Volume)
14 (As enacted by Chapter 11 of the Acts of the General Assembly of 1996)

15 BY repealing and reenacting, with amendments,

16 Article - Insurance
17 Section 20-404(b)
18 Annotated Code of Maryland
19 (1996 Volume)
20 (As enacted by Chapter 11 of the Acts of the General Assembly of 1996)

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

2

1 **Article - Insurance**

2 20-404.

3 (a) On or before March 15 of each year, the Fund shall determine and the Board
4 of Trustees shall certify to the Board of Directors the information required under
5 subsections (b) and (c) of this section.

6 (b) Subject to subsection (f) of this section, the following information certified to
7 the Board of Directors shall be separately identified by commercial auto and private
8 passenger auto results:

9 (1) the statutory operating loss for the immediately preceding calendar year;
10 [and]

11 (2) a calculation to yield [an] A PRIVATE PASSENGER AUTO assessment
12 limit that is determined by subtracting the year-end TOTAL surplus of the Fund for the
13 immediately preceding calendar year from an amount equal to 25% of the average of net
14 direct written PRIVATE PASSENGER AUTO premiums of the Fund for each of the three
15 immediately preceding calendar years; AND

16 (3) A CALCULATION TO YIELD A COMMERCIAL AUTO ASSESSMENT
17 LIMIT THAT IS DETERMINED BY SUBTRACTING THE YEAR-END COMMERCIAL AUTO
18 SURPLUS OF THE FUND FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR
19 FROM AN AMOUNT EQUAL TO 25% OF THE AVERAGE OF NET DIRECT WRITTEN
20 COMMERCIAL AUTO PREMIUMS OF THE FUND FOR EACH OF THE 3 IMMEDIATELY
21 PRECEDING CALENDAR YEARS.

22 (f) In a calculation made under this section, income or expenses not clearly
23 attributable to either commercial auto or private passenger auto may be allocated pro
24 rata for that year.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 1997.