

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1320 (Delegates Barve and Love)

Economic Matters

Motor Vehicle Rental Companies - Requirements to Offer or Sell Insurance

This bill authorizes a rental car company to sell an insurance policy if: (1) the policy is sold in connection with rental of a vehicle not to exceed 30 days; (2) the policy has been filed and approved by the Insurance Commissioner and issued by an authorized insurer; (3) the company hires or contracts with a qualified agent to perform specified functions; (4) the company files a list of the approved policies; and (5) the company provides renters with a disclosure approved by the commissioner. The bill prohibits a rental car company or any of its employees from representing themselves as an authorized insurer, reinsurer, agent, or broker.

The bill requires the commissioner to conduct a study of the insurance products sold by rental car companies and the method by which other states regulate the practice. The commissioner must submit a report by November 1, 1998 making recommendations on an appropriate regulatory structure for the industry, including draft legislation, if necessary.

This bill takes effect June 1, 1998 and sunsets May 31, 1999.

Fiscal Summary

State Effect: Any increased revenue from filing fees for new products or from premium taxes is expected to be minimal. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Meaningful.

Fiscal Analysis

State Revenues: Revenues could increase from filing fees for new products. It is expected that the number of such filings would be minimal. Any increase in premium tax revenues is also expected to be minimal.

State Expenditures: The bill's requirements could be handled by the Maryland Insurance Administration with existing resources.

Small Business Effect: Small rental car businesses would benefit from the ability to sell products in connection with renting a car.

Information Source(s): Maryland Insurance Administration

Fiscal Note History: First Reader - March 16, 1998

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Analysis by: Sarah Dickerson

Direct Inquiries to:

Reviewed by: John Rixey

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710