

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 1113 (Delegate Dembrow)

Economic Matters

Named Operator Motor Vehicle Liability Insurance

This bill specifies that a person may satisfy the minimum insurance requirements in the State by obtaining an “operator’s policy” of motor vehicle liability insurance. An operator’s policy must state that the insurer is only liable for liability incurred while the named insured is the operator or while a motor vehicle owned by the insured is not being operated by any person. An owner of a vehicle who holds an operator’s policy may not permit another person to operate the vehicle if the owner knows or should have known that the person does not have liability insurance to cover the person’s operation of the vehicle. An operator’s policy may not provide coverage for damages incurred while a person other than the named insured is operating a motor vehicle. These provisions do not apply to any employer who owns a motor vehicle for use in the employer’s business.

Fiscal Summary

State Effect: Minimal increase in general fund revenues in FY 1999 due to one-time fees collected by the Maryland Insurance Administration (MIA). Indeterminate decrease in premium tax revenues.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Revenues: General fund revenues could increase by an indeterminate amount since auto insurers would be subject to \$100 rate and form filing fees by MIA. The number of insurers who would file solely as a result of this bill cannot be reliably estimated at this time, since filings often combine several amendments at one time. MIA estimates that about 100 independent personal auto insurers could file revised rates and forms.

Since obtaining an operator's policy would allow a person to satisfy the State's insurance requirements with an insurance policy that limits liability exposure and thus would likely be cheaper, insurance premium tax revenues could decrease. The amount of such a decrease depends on how many companies would offer the operator's policy and how many owners would opt for such a policy, which cannot be reliably estimated at this time.

Information Source(s): Maryland Insurance Administration, Department of Transportation (Motor Vehicle Administration), Department of Legislative Services

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