

Department of Legislative Services  
 Maryland General Assembly

FISCAL NOTE  
 Revised

House Bill 164 (Delegate Frank)  
 Economic Matters

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**Private Passenger Motor Vehicle Insurance Policies -  
 Coverage for Rental Cars**

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This bill extends comprehensive coverage included in a person’s private passenger motor vehicle insurance policy to any “replacement vehicle”. A replacement vehicle loaned or rented for use while a vehicle owned by an individual is not in use because of “loss”, such as breakdown, repair, service, or damage.

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**Fiscal Summary**

**State Effect:** Indeterminate increase in general fund revenues in FY 1999 due to one-time filing fees collected by the Maryland Insurance Administration. Expenditures would not be affected.

**Local Effect:** None.

**Maryland Automobile Insurance Fund (MAIF):** Indeterminate increase in claim payouts by MAIF.

**Small Business Effect:** Potential meaningful.

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**Fiscal Analysis**

**Background:** Comprehensive coverage, which is optional, protects against damage not incurred as a result of an accident, such as theft, fire, or weather related damage.

**State Revenues:** General fund revenues could increase by an indeterminate amount since auto insurance companies would be subject to \$100 rate and form filing fees collected by the Maryland Insurance Administration. The number of insurers who will file new rates and

forms as a result of the bill cannot be reliably estimated at this time, since rate and form filings often combine several rate and policy amendments at one time.

**Maryland Automobile Insurance Fund (MAIF):** MAIF's claim payouts would increase to the extent that there are any additional claims made as a result of the bill. MAIF's vehicle theft claims average \$15,000 each and other comprehensive claims average \$2,000 each. For illustrative purposes, 15 additional vehicle thefts and 36 additional other comprehensive claims would result in an increase in MAIF's claim payouts of \$297,000.

**Small Business Effect:** This bill would shift comprehensive coverage for replacement vehicles from the auto repair facility, dealer, or rental car company to the insurance policy of the person who rents the vehicle. Automobile insurance premiums are based in part on the exposure of the insured. Thus, since the exposure of these companies would decrease, such companies that purchase insurance could realize reduced premiums. Those companies that are self-insured could realize savings from reduced liability.

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**Information Source(s):** Maryland Insurance Administration, Maryland Automobile Insurance Fund, Department of Legislative Services

**Fiscal Note History:** First Reader - February 4, 1998  
Inc Revised - Enrolled Bill - April 28, 1998

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