

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 1284 (Delegates Frank and Dembrow)

Economic Matters

Motor Vehicle Insurance - Excess Liability Coverage - Indemnification

This bill prohibits the “household exclusionary clause” in auto insurance policies by requiring excess motor vehicle liability coverage to indemnify, up to the amount of the excess coverage, an insured or other covered individual who is liable to an injured household family member.

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 increase in insurance premium tax revenues.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

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

The bill's requirement would in effect prohibit insurers from including the "household exclusionary clause" in auto insurance policies. Currently, the clause limits the amount an injured household member can recover to the minimum statutorily required bodily injury security, which is \$20,000 per person and \$40,000 per accident. Thus, the bill would result in an increase in exposure and could result in higher auto insurance premiums. The amount of any increase premium tax revenues cannot be reliably estimated at this time.

Information Source(s): Maryland Insurance Administration

Fiscal Note History: First Reader - March 9, 1998

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