

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 708 (Delegate Workman)

Economic Matters

Motor Vehicle Insurance - Rate Reduction - Defensive Driving Course

This bill requires an insurer to provide a rate reduction for motor vehicle personal injury, property damage, and collision insurance to an insured who is at least 55 years of age and has completed the National Safety Council's Defensive Driving Course or an equivalent course approved by the Motor Vehicle Administration. The rate reduction must be in effect for three years after the insured successfully completes the driving course and must be renewed if the insured successfully completes another such course within six months before the end of that three-year period.

The bill specifies circumstances under which an insurer may deny or cancel the rate reduction and specifies that an insurer is not required to provide an additional rate reduction if an insured completes a subsequent defensive driving course, during the period for which the rate reduction is in effect.

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: Minimal.

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 and about 100 independent commercial auto insurers could file revised rates and forms.

Since the bill does not specify the amount of the discount that must be offered and it is not known how many of Maryland's 786,000 drivers over 55 would complete the required course, any decrease in premiums and premium taxes is indeterminate.

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

Fiscal Note History: First Reader - March 8, 1998

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Analysis by: Sarah Dickerson

Reviewed by: John Rixey

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 841-3710

(301) 858-3710