

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

Senate Bill 8 (Senator Boozer)

Finance

**Private Passenger Motor Vehicle Insurance - Discrimination in Underwriting -
Credit History of Applicant**

This bill prohibits an insurer from refusing to underwrite a private passenger motor vehicle insurance risk solely because of the credit history of the applicant or named insured.

The bill also allows an insurer to request a finding that information used by the insurer to develop or create a credit score for rating purposes be considered confidential commercial information. Under current law, filings and supporting information filed under the competitive rating law must be open to public inspection.

The Insurance Commissioner must conduct a study on the effect, if any, of provisions of the bill on private passenger motor vehicle insurance premiums and submit a report to the Governor and the General Assembly by October 1, 2001.

This bill sunsets September 30, 2002.

Fiscal Summary

State Effect: None. The bill's requirements could be handled by the Maryland Insurance Administration with existing resources.

Local Effect: None.

Maryland Automobile Insurance Fund (MAIF): Potential minimal decrease in the number of MAIF insureds.

Small Business Effect: Potential minimal.

Fiscal Analysis

Maryland Automobile Insurance Fund (MAIF): According to a 1996 study by MAIF, a nonbudgeted independent State agency, there are about 200 MAIF three-year clean drivers who are unable to buy comparably priced insurance from the private market due, at least in part, to their credit records. Three-year clean drivers are defined by statute as individuals who have been insured by MAIF continuously for the last three years and whose record during that period shows no motor vehicle point accumulation or at-fault accidents. To the extent that this bill would increase the likelihood that these kinds of drivers would be able to obtain auto insurance from private carriers, the number of MAIF insureds could decrease. Any decrease would have a minimal effect on MAIF's finances and operations since MAIF had about 97,000 policies in force as of the end of 1997.

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

Fiscal Note History: First Reader - January 16, 1998
lc Revised - Enrolled Bill - April 29, 1998

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