

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

Senate Bill 307 (Senator Baker)

Finance

Motor Vehicle Liability Insurance - Voluntary Cancellation of Policy - Regulations

This bill requires the Motor Vehicle Administration (MVA), in consultation with the Maryland Insurance Administration and representatives of the automobile insurance industry, to adopt regulations establishing procedures by which an insurer provides timely notification to an insured of the penalties that may be imposed upon cancellation of motor vehicle liability insurance without surrendering the evidences of registration.

Fiscal Summary

State Effect: The bill's requirements could be handled with existing budgeted resources.

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: The owner of a motor vehicle is required to carry liability insurance on that vehicle covering property damage and bodily injury or death. If the required insurance on any vehicle terminates or otherwise lapses, the registration on that vehicle is automatically suspended as of the date of termination or lapse and remains suspended until the owner: (1) submits evidence of replaced insurance to the MVA; and (2) pays any uninsured motorist penalty fee assessed by the MVA. Insurers are required to notify MVA immediately of a termination or final lapse, and the MVA must notify the vehicle owner that the registration on the vehicle has been suspended. The owner is required to provide proof of new insurance or surrender all evidences of the vehicle's registration to the MVA within 48 hours of being

notified by the MVA.

Background: Chapter 437 of 1998 authorizes the MVA to establish and implement a system for each insurer to report to the MVA all automobile insurance policies issued for each vehicle registered in the State. The MVA expects that system to be fully operational in July 2000. Once fully implemented, the MVA will be able to compare the list of policy cancellations to the list of recently issued vehicles. Therefore, the MVA will no longer need to send notification to those motor vehicle owners who have voluntarily canceled their insurance policies in order to purchase different policies.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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