

Department of Legislative Services
Maryland General Assembly
2000 Session

FISCAL NOTE
Revised

Senate Bill 259 (Senator Astle)

Finance

Property and Casualty Insurance -
Disclosure of Nonrefundable Expense Constant

This bill requires all property and casualty insurers that impose a nonrefundable expense constant to disclose the amount to the insured and advise the insured that the nonrefundable expense constant is fully earned and will not be refunded on cancellation. The information must be in writing in the policy.

Fiscal Summary

State Effect: Special fund revenues from additional form filing fees could increase by \$2,500 in FY 2001 only. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Current Law: No provision of law requires an insurer to disclose the amount of any nonrefundable expense constant imposed.

Background: An expense constant is the fixed cost of issuing and delivering an insurance policy, including total production expense; general expense; taxes, licenses, and fees; and underwriting profit and contingencies.

State Revenues: The Maryland Insurance Administration (MIA) estimates that approximately 20 insurers that write non-standard private passenger auto policies impose

nonrefundable expense constants and would have to pay the \$125 form filing fee imposed by MIA when they file a revised declarations page form. Special fund revenues would increase by \$2,500 (20 x \$125) in fiscal 2001 only.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 16, 2000
drg/jr Revised - Senate Third Reader - March 21, 2000

Analysis by: Ryan Wilson

Direct Inquiries to:
John Rixey, Coordinating Analyst
(410) 946-5510
(301) 970-5510