

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE
Revised

House Bill 633 (Delegate Krysiak, *et al.*)
Economic Matters

Finance

Motor Vehicle Liability Insurance Coverage - Family Exclusion

This bill requires an insurer to provide liability coverage under a policy or binder of private passenger motor vehicle liability insurance for claims made by a family member residing in the named insured's household for "economic losses" up to the limits of the motor vehicle liability coverage unless waived by the insured. Economic losses under the bill include reasonable and necessary medical and other expenses and lost wages. They exclude damages for nonpecuniary loss, including pain, suffering, and inconvenience. The bill prohibits an insurer from refusing to underwrite an individual because the individual refused to waive coverage under the bill. The Insurance Commissioner may suspend, revoke, or deny a certificate to; impose a penalty on; or issue a cease and desist order to an insurer in violation of the bill.

The bill applies to private passenger motor vehicle liability insurance policies and binders issued, delivered, or renewed on or after October 1, 2002.

Fiscal Summary

State Effect: Special fund revenues would increase by an estimated \$25,000 in FY 2003 from the \$125 filing fees for insurers that file forms, rates, and rules to comply with the bill. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Coverage for family members who make claims against an insured's policy is subject to the State's mandatory minimum limits: (1) \$20,000 per person and \$40,000 per accident for bodily injury; and (2) \$15,000 for property damage.

Background: The Maryland Automobile Insurance Fund advises that it handles approximately five cases annually that involve parent-child immunity.

State Revenues: Each form and rate/rule filed with the Maryland Insurance Administration (MIA) is subject to a \$125 filing fee. MIA estimates that 100 insurers would each file one form and a companion rate/rule because of the bill. Based on that estimate, special fund revenues to MIA would increase by \$25,000 in fiscal 2003.

Additional Information

Prior Introductions: A similar bill, SB 349, passed third reading in the Senate during the 2001 session and received an unfavorable report from the House Economic Matters Committee. A similar bill, HB 926, was introduced in the 2001 session and also received an unfavorable report from the Economic Matters Committee. Similar bills, SB 596 and HB 883, were introduced in the 2000 session and received unfavorable reports from the Senate Finance Committee and the Economic Matters Committee, respectively.

Cross File: SB 273 (Senators Bromwell and Dorman) – Finance.

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

Fiscal Note History: First Reader - February 5, 2002
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