

Department of Legislative Services
Maryland General Assembly
2002 Session

FISCAL NOTE

Senate Bill 273 (Senators Bromwell and Dorman)
Finance

Motor Vehicle Liability Insurance - Offer of Coverage - Family Exclusion

This bill requires an insurer to offer to the first named insured under a policy or binder of private passenger motor vehicle liability insurance, liability coverage for claims made by a family member in the same amount as the liability coverage carried for claims made by a nonfamily member. An insurer may not refuse to underwrite a first named insured because the first named insured requests or elects the liability coverage for claims made by family members in an amount equaling the amount for nonfamily members. 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: An identical 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: HB 633 (Delegate Krysiak, *et al.*) – Economic Matters.

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

Fiscal Note History: First Reader - February 5, 2002
lsc/jr

Analysis by: Ryan Wilson

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