

**Department of Legislative Services**

Maryland General Assembly

2002 Session

**FISCAL NOTE**

Senate Bill 7

(Senator Conway)

Finance

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**Motor Vehicle Insurance - Collision Coverage**

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This bill prohibits an insurer from excluding from collision coverage accidental property damage to an insured motor vehicle that is caused by physical contact with an animal.

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**Fiscal Summary**

**State Effect:** Special fund revenues would increase by approximately \$50,000 in FY 2003 from the \$125 rate and form filing fee charged by the Maryland Insurance Administration (MIA). Expenditures would not be affected.

**Local Effect:** Potential minimal increase in expenditures for collision coverage.

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** A motor vehicle insurer must offer collision coverage for damage to insured vehicles subject to deductibles of \$50 to \$250 in \$50 increments. Collision coverage must provide insurance, regardless of fault, against another motor vehicle or other object or by upset of the insured motor vehicle.

**Background:** Property damage to an insured motor vehicle caused by contact with an animal is generally covered by the insured's comprehensive coverage. Insurers generally increase premium charges for excessive use of collision coverage, whereas an insurer may cancel comprehensive coverage for excessive use. The Maryland Automobile Insurance Fund (MAIF) advises that it currently covers the damage caused by a collision

with an animal under an insured's comprehensive coverage. If an insured carries collision coverage and does not carry comprehensive coverage, MAIF would pay the claim under the insured's collision coverage.

**State Revenues:** Because property damage to an insured motor vehicle caused by contact with an animal is currently covered by comprehensive coverage, insurers would be required to file revised rates and rules with MIA for this damage to be covered under collision coverage. Each form and rate/rule filed with MIA is subject to a \$125 filing fee. MIA estimates that 200 insurers would each file a form and a companion rate/rule because of the bill. Based on that estimate, special fund revenues to MIA would increase by \$50,000 in fiscal 2003.

General fund revenues from the premium tax would increase to the extent that insurers increase premium rates for collision coverage because of the bill. Any such increase is assumed to be negligible.

**Local Expenditures:** To the extent that local government owned vehicles are damaged by collisions with animals, local governments that do not self-insure could experience increased premium costs for collision coverage.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - January 17, 2002  
ncs/jr

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Analysis by: Ryan Wilson

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