

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1125
Economic Matters

(Delegate Burns)

Finance

Private Passenger Motor Vehicle Insurance - Underwriting Standards -
Statistical Validation

This bill provides that a private passenger motor vehicle insurer may, without statistical validation, cancel or refuse to underwrite or renew a particular insurance risk for driving or attempting to drive while: (1) under the influence of alcohol or alcohol per se; (2) impaired by drugs; (3) impaired by drugs and alcohol; or (4) impaired by a controlled dangerous substance.

Fiscal Summary

State Effect: Potential minimal increase in special fund revenues during FY 2004 to the Maryland Insurance Administration (MIA) from filing fees. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Generally, an insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk except under standards that are reasonable related to the insurer's economic and business purposes. In the case of private passenger motor vehicle insurance, standards reasonably related to the insurer's economic and business purposes, without the need for statistical validation, include conviction of the named insured or a covered driver under the policy of: (1) homicide,

assault, reckless endangerment, or criminal negligence arising out of the operation of the insured motor vehicle; (2) using the insured motor vehicle to participate in a felony; or (3) driving while intoxicated or impaired by drugs.

Background: Chapter 5 of 2001 revised the State's laws governing driving while under the influence of drugs or alcohol. This bill conforms the provisions under Maryland's insurance laws to Chapter 5.

State Revenues: Each rate or rating rule filed with MIA would be subject to the \$125 filing fee. It is not known how many insurers would be required to file a revised rate or rule, but the number would be minimal.

Additional Information

Prior Introductions: None.

Cross File: SB 725 (Senator Kelley) – Finance.

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

Fiscal Note History: First Reader - April 2, 2003
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