

Department of Legislative Services
Maryland General Assembly
2003 Session

FISCAL AND POLICY NOTE

House Bill 749 (Delegate Love)
Economic Matters

Insurance - Maryland Automobile Insurance Fund - Premium Rates

This bill repeals the provision that requires the Maryland Insurance Commissioner to consider the statutory purpose of the Maryland Automobile Insurance Fund (MAIF) in addition to the rating principles under the State's automobile insurance rating law while reviewing noncommercial rates submitted by MAIF.

Fiscal Summary

State Effect: Assuming MAIF raises rates in Baltimore City, general fund revenues would increase by approximately \$50,000 annually from premium tax revenues. Special fund revenues would also increase by \$125 in FY 2004 from the rate filed with the Maryland Insurance Administration. Expenditures would not be affected.

MAIF: Increase in premium revenues from Baltimore City policyholders.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: MAIF's executive director determines premiums charged on policies issued by MAIF with the approval of the Insurance Commissioner. In reviewing noncommercial rates filed by MAIF, the Commissioner must consider not only the rating principles generally applicable to prior approval rating, but also MAIF's statutory

purpose. MAIF's purpose is to provide required minimum insurance coverage to persons who are unable to obtain it from an automobile liability insurer.

State Revenues: MAIF advises that its rates in Baltimore City for bodily injury, property damage, and uninsured motorist coverages are 85% of the rates' adequacy based on the risk. MAIF would raise its base rates in Baltimore City for these coverages from \$1,874 to \$2,088. The rate increase would affect approximately 11,700 policyholders and give MAIF a total increase in premium revenues of approximately \$2.5 million annually. Assuming this, general fund revenues from the 2% premium tax would increase by \$50,000 annually.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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