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By: **Senator Giannetti**

Introduced and read first time: February 10, 2005

Assigned to: Rules

Re-referred to: Finance, February 21, 2005

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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: April 2, 2005

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 ~~Motor Vehicle Liability Insurers—Fees Insurance - Fraud Prevention Fee -~~  
3 ~~Vehicle Theft Prevention Fund~~

4 FOR the purpose of ~~requiring insurers that issue, sell, or deliver motor vehicle~~  
5 ~~liability insurance policies in the State to pay a certain annual fee; increasing~~  
6 ~~the amount of a certain motor vehicle registration; requiring that the money be~~  
7 ~~paid into the Vehicle Theft Prevention Fund altering the disbursement of a~~  
8 ~~certain fraud prevention fee collected by the Maryland Insurance~~  
9 ~~Commissioner; requiring a certain amount of the fraud prevention fee to be~~  
10 ~~deposited in the Vehicle Theft Prevention Fund to be used for a certain purpose;~~  
11 ~~requiring property and casualty insurers to pay an additional amount of the~~  
12 ~~fraud prevention fee; expressing the intent of the General Assembly that the~~  
13 ~~Governor make a certain appropriation; providing for the termination of certain~~  
14 ~~provisions of this Act; and generally relating to a fee imposed on motor vehicle~~  
15 ~~liability insurers to be paid into the fraud prevention fee and the Vehicle Theft~~  
16 ~~Prevention Fund.~~

17 BY ~~adding to~~ repealing and reenacting, with amendments,  
18 Article - Insurance  
19 Section ~~49-517~~ 2-505(a), 6-202, and 6-203(a)  
20 Annotated Code of Maryland  
21 (~~2002~~ 2003 Replacement Volume and 2004 Supplement)

22 BY repealing and reenacting, without amendments,  
23 Article - Public Safety  
24 Section 2-703(a)

1 Annotated Code of Maryland  
2 (2003 Volume and 2004 Supplement)

3 BY repealing and reenacting, with amendments,  
4 Article - Public Safety  
5 Section 2-703(c)  
6 Annotated Code of Maryland  
7 (2003 Volume and 2004 Supplement)

8 Preamble

9 WHEREAS, The Maryland Vehicle Theft Prevention Council (Council) is  
10 charged with assisting in the prevention and deterrence of private passenger and  
11 commercial motor vehicle theft and related crime, including vandalism and theft of  
12 property from vehicles in the State; and

13 WHEREAS, The Council seeks to improve and support vehicle theft law  
14 enforcement, prosecution, prevention, and education and juvenile diversion programs  
15 by establishing statewide planning capabilities and coordination of dedicated funding  
16 sources; and

17 WHEREAS, Following the 1997 establishment of the Council and a statewide  
18 vehicle theft prevention strategy, the number of vehicle thefts significantly declined;  
19 and

20 WHEREAS, Due to budget constraints over the past several years, the Vehicle  
21 Theft Prevention Fund has experienced erratic funding levels that have ultimately  
22 resulted in an overall underfunding of the theft prevention program; and

23 WHEREAS, The Council reports that the number of statewide vehicle thefts has  
24 steadily climbed from a low of about 26,000 in 1999 to over 35,000 in 2004,  
25 translating into an economic loss for 2004 in excess of \$216,000,000; now, therefore,

26 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
27 MARYLAND, That the Laws of Maryland read as follows:

28 Article - Insurance

29 2-505.

30 (a) There is an Insurance Regulation Fund that consists of:

31 (1) all revenue received through the imposition and collection of the  
32 assessment fee under this subtitle;

33 (2) all revenue received through the imposition and collection of the fees  
34 set forth in § 2-112 of this title;

1           (3)     EXCEPT AS PROVIDED IN § 6-202(B)(2) OF THIS ARTICLE, all revenue  
 2 received through the imposition and collection of the fraud prevention fee under Title  
 3 6, Subtitle 2 of this article;

4           (4)     all revenue received through the collection of examination expenses  
 5 under § 2-208 of this title;

6           (5)     except as provided in § 2-114(a) of this title, all other fees received  
 7 through the imposition and collection of fees set forth in this article; and

8           (6)     income from investments that the State Treasurer makes for the  
 9 Fund.

10 6-202.

11     (a)     The Commissioner shall collect the fraud prevention fee.

12     (b)     (1)     [The] EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS  
 13 SUBSECTION, THE total amount of the fraud prevention fee collected by the  
 14 Commissioner shall be deposited in the Insurance Regulation Fund as provided in §  
 15 2-505 of this article.

16           (2)     THE REVENUE RECEIVED THROUGH THE COLLECTION OF THE  
 17 FRAUD PREVENTION FEE BY THE COMMISSIONER UNDER § 6-203(A)(1)(II) OF THIS  
 18 SUBTITLE SHALL BE DEPOSITED IN THE VEHICLE THEFT PREVENTION FUND UNDER  
 19 § 2-703 OF THE PUBLIC SAFETY ARTICLE TO BE USED FOR THE SOLE PURPOSE OF  
 20 ASSISTING LOCAL JURISDICTIONS IN PREVENTING VEHICLE THEFT.

21 6-203.

22     (a)     For each insurer, health maintenance organization, nonprofit health  
 23 service plan, fraternal benefit society, or any entity operating in the State under the  
 24 regulatory jurisdiction of the Commissioner other than a premium finance company, a  
 25 fraternal benefit society that collected less than \$75,000 in premiums in the  
 26 preceding calendar year, or a motor club, the fraud prevention fee shall be:

27           (1)     (I)     \$1,000; AND

28                   (II)     FOR EACH PROPERTY AND CASUALTY INSURER, \$750 IN  
 29 ADDITION TO THE AMOUNT SPECIFIED IN ITEM (I) OF THIS ITEM;

30           (2)     due on or before June 30 of each year; and

31           (3)     if applicable, payable with the certificate of authority or license  
 32 renewal fee.

33 49-517.

34     (A)     EACH INSURER THAT ISSUES, SELLS, OR DELIVERS MOTOR VEHICLE  
 35 LIABILITY INSURANCE POLICIES IN THE STATE SHALL PAY ANNUALLY A FEE EQUAL

1 TO \$1 MULTIPLIED BY THE TOTAL NUMBER OF MOTOR VEHICLES INSURED BY THE  
2 INSURER IN THE STATE.

3 (B) THE MONEY SHALL BE PAID INTO THE VEHICLE THEFT PREVENTION  
4 FUND ESTABLISHED UNDER § 2-703 OF THE PUBLIC SAFETY ARTICLE.

5 **Article - Public Safety**

6 2-703.

7 (a) There is a Vehicle Theft Prevention Fund.

8 (c) The Fund consists of:

9 (1) money received by the Fund under § 17-106 of the Transportation  
10 Article;

11 (2) MONEY RECEIVED BY THE FUND UNDER § 6-202(B)(2) OF THE  
12 INSURANCE ARTICLE;

13 [(2)] (3) money received by the Council or the Fund from any source;  
14 and

15 [(3)] (4) investment earnings of the Fund.

16 SECTION 2. AND BE IT FURTHER ENACTED, That it is the intent of the  
17 General Assembly that, in the fiscal year beginning July 1, 2006, and each fiscal year  
18 thereafter, the Governor shall include in the annual budget bill an appropriation of  
19 \$2,000,000 to the Vehicle Theft Prevention Fund, as provided under § 17-106(e) of the  
20 Transportation Article.

21 SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take  
22 effect ~~October~~ June 1, 2005. Section 1 of this Act shall remain effective for a period of  
23 1 year and, at the end of May 31, 2006, with no further action required by the General  
24 Assembly, Section 1 of this Act shall be abrogated and of no further force and effect.