

Department of Legislative Services

Maryland General Assembly

2006 Session

FISCAL AND POLICY NOTE

House Bill 751

(Delegate Mayer, *et al.*)

Economic Matters

Natural Resources - Motorized Vessels - Insurance

This bill prohibits the Department of Natural Resources (DNR) from issuing or renewing a certificate of number for a vessel unless the owner has furnished satisfactory evidence that the owner has obtained: (1) a liability insurance policy on the vessel; or (2) coverage for the vessel under the owner's homeowner's insurance policy. The insurance required under the bill must provide for at least the payment of \$10,000, in addition to interest and costs, for claims arising from an accident for bodily injury, death, or damaging or destroying the property of others. The vessel owner must retain the required coverage during the vessel's period of valid registration. DNR, in consultation with the Maryland Insurance Administration and the insurance industry, must develop regulations to carry out the bill's provisions.

Fiscal Summary

State Effect: Special fund expenditures could increase by up to \$65,000 in FY 2007 for computer reprogramming costs. Revenues would not be affected.

(in dollars)	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	65,000	0	0	0	0
Net Effect	(\$65,000)	\$0	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Minimal.

Analysis

Current Law: Owners are not required to carry separate liability insurance policies for their vessels.

Background: “Vessel” means every description of watercraft, including an iceboat but not a seaplane, that is used or capable of being used as a means of transportation on water or ice. DNR advises that it processes approximately 100,000 vessel registration renewals annually. Most vessel owners are covered by liability insurance on the vessel, either under their homeowner’s policies or under separate policies.

State Expenditures: It is assumed that the vessel registration computer system would need a verification software component similar to that of the Motor Vehicle Administration, which tracks carrier, policy number, and insurance producer. It is further assumed that the system would require a component that would notify DNR if a vessel owner’s insurance were to lapse. DNR’s vessel registration system is currently not set up to collect and process this information. The total costs for software and programming time could be as much as \$65,000 in fiscal 2007. The Department of Legislative Services advises that, if other legislation is passed requiring computer reprogramming changes, economies of scale could be realized. This would reduce the costs associated with this bill and other legislation affecting DNR. It is assumed that verification of insurance would not add significantly to registration renewal processing and could be handled with existing personnel. Additional resources could be required in the future if verification proves overly burdensome.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Department of Natural Resources, Maryland Insurance Administration, Department of Legislative Services

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ncs/ljm

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