

Department of Legislative Services
Maryland General Assembly
2008 Session

FISCAL AND POLICY NOTE

House Bill 974

(Chair, Environmental Matters Committee) (By Request –
Departmental – Transportation)

Environmental Matters

Judicial Proceedings

**Motor Vehicle Administration - Required Security - Suspension of Registration
for Violation**

This departmental bill requires that the automatic suspension of registration for a vehicle with lapsed security begin within 60 days of notification to the Motor Vehicle Administration of the lapse.

Fiscal Summary

State Effect: The bill requires only minor administrative changes and could be handled by MVA within existing budgeted resources. Revenues would not be affected since the bill largely codifies current practices.

Local Effect: None.

Small Business Effect: The Maryland Department of Transportation has determined that the bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

Analysis

Current Law: If the required security for any vehicle terminates or otherwise lapses, the registration of that vehicle is suspended automatically as of the date of the termination or lapse.

Background: In an October 2007 audit of MVA, the Department of Legislative Services found that adequate procedures were not in place to ensure that insurance lapses were properly and timely processed by MVA. Although State law requires MVA to immediately suspend the registration of any vehicle for which the related insurance is terminated or otherwise lapses, it has been MVA practice to grant consumers a 45-day period in which to seek new insurance coverage without fear of suspension. According to MVA, this 45-day window matches the period given by insurance companies to cancel coverage for any reason after issuance of a new policy.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - March 5, 2008
mll/ljm

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