

Department of Legislative Services
Maryland General Assembly
2010 Session

FISCAL AND POLICY NOTE

House Bill 1528

(Delegates Rudolph and Stocksdale)

Environmental Matters

Motor Vehicle Administration - Online Motor Vehicle Liability Insurance
Verification System - Required Study

This bill requires the Motor Vehicle Administration (MVA) to study the feasibility and desirability of establishing an online Motor Vehicle Liability Insurance Verification System to verify the compliance of a motor vehicle owner or operator with liability insurance and proof of security requirements. MVA must report its findings and recommendations to the Governor and specified committees of the General Assembly by December 31, 2011.

The bill takes effect July 1, 2010.

Fiscal Summary

State Effect: The bill does not materially affect State finances as the required study and report can be undertaken by MVA with existing resources.

Local Effect: None.

Small Business Effect: None.

Analysis

Bill Summary: The bill specifies that MVA must examine the following:

- the cost of establishing and administering the system;
- how the system will integrate with existing MVA and law enforcement systems;

- appropriate measures to secure data against unauthorized access;
- how the system will accommodate low-volume insurers;
- how the system will track motor vehicles that are subject to a form of security other than a vehicle liability insurance policy; and
- any other matter MVA considers important.

Current Law/Background: MVA is prohibited from issuing or transferring a vehicle registration unless the owner or the prospective owner produces satisfactory evidence of required security. Required security may consist of either a vehicle liability insurance policy written by an insurer authorized to write policies in the State, or another form of security that MVA deems adequate. The owner of a motor vehicle that is required to be registered in this State has to maintain the required security for the vehicle during the vehicle's registration period, and may not drive or permit another to drive a vehicle without required security.

Each insurer or other provider of required security must immediately notify MVA of a lapse in security. MVA may implement a system to enable insurers to submit a report of each policy issued for registered vehicles. While many states, including Maryland, maintain online reporting systems for the notification regarding terminations of vehicle insurance policies, several private vendors now offer real-time insurance verification. Real-time verification enables enhanced enforcement of compulsory vehicle insurance requirements by allowing law enforcement officers to check the status of required security on the occurrence of certain events, such as a traffic stop, an accident, or a court appearance.

Several provisions of the Maryland Vehicle Law, as well as State criminal laws authorize or require a driver's license and vehicle registration to be displayed to a law enforcement officer; there is no such current requirement to display proof of a vehicle's required security during a traffic stop. However, following an accident, a driver must provide information regarding the name and address of the insurance carrier or other provider of security, policy or other identifying number of the liability insurance or other security, and name and address of the local insurance producer or local office of the insurance carrier or other provider of security, if it is available. This information must, in some circumstances, be provided on request to a police officer at the scene of the accident or whomever is otherwise investigating the accident.

If the required security for a vehicle lapses, MVA may assess the owner of the vehicle a penalty of \$150 for each vehicle without the required security for the first 30 days. Beginning on the thirty-first day, the fine increases by a rate of \$7 for each day, but the total fine may not exceed \$2,500 annually, not including the additional misdemeanor penalty of up to \$500, which may be prepaid with a fine of \$280. Operating a vehicle

without adequate security is a misdemeanor penalty of \$500, which may not be prepaid, and results in the imposition of five points on the driver's record.

The minimum security required on a motor vehicle liability insurance policy for the bodily injury or death of a single individual is \$20,000. The minimum security required increases to \$40,000 for the bodily injury or death of more than one individual. The minimum security required for property damage is \$15,000, in addition to interest and costs.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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mam/ljm

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