

Department of Legislative Services
Maryland General Assembly
2011 Session

FISCAL AND POLICY NOTE

Senate Bill 885

(Senator Garagiola)

Finance

Economic Matters

**Motor Vehicle Insurers - Standards for Cancellation or Refusal of Insurance -
Driving While Impaired by Alcohol**

This bill authorizes insurers to cancel or refuse to underwrite or renew a particular insurance risk or class of risk if the insured is convicted of a violation relating to driving or attempting to drive any vehicle while impaired by alcohol in addition to the current authorization related to other alcohol- and drug-related driving offenses.

Fiscal Summary

State Effect: The bill does not materially affect State finances or operations, assuming affected drivers are still able to obtain required insurance.

Maryland Automobile Insurance Fund (MAIF) Effect: MAIF advises that it would not begin to deny coverage for applicants with a conviction for driving while impaired by alcohol. Therefore, MAIF may see an increased number of applicants due to private insurers denying coverage more frequently.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: A person may not drive or attempt to drive any vehicle while:

- under the influence of alcohol or under the influence of alcohol *per se*;
- impaired by alcohol;

- impaired by drugs, or a combination of drugs and alcohol; or
- impaired by a controlled dangerous substance.

Penalties – Alcohol- and Drug-related Driving Offenses: With a conviction for an alcohol- and/or drug-related driving offense, a violator is subject to a range of penalties involving fines and imprisonment, as well as suspension or revocation of the driver's license by the Motor Vehicle Administration (MVA). A person convicted of driving while under the influence, under the influence *per se*, or impaired by a controlled dangerous substance, is subject to fines ranging from \$1,000 to \$3,000 and/or a maximum imprisonment term of one to three years. A repeat conviction within five years requires a mandatory minimum penalty of imprisonment from 5 to 10 days or community service from 30 to 60 days, as well as a mandatory alcohol or drug abuse assessment.

A conviction for lesser included offenses subjects the violator to a fine of \$500 and/or imprisonment for up to two months. However, for repeat offenders, maximum prison terms increase to one year. If an offender is transporting a minor at the time of the alcohol- and/or drug-related driving offense, fines and sanctions increase.

Insurance Practices: Generally, an insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk except by the application of standards that are reasonably related to the insurer's economic and business purposes. Examples of economic and business purposes include conviction of the named insured or covered driver of an offense relating to driving or attempting to drive any vehicle while (1) under the influence of alcohol or under the influence of alcohol *per se*; (2) impaired by drugs, or a combination of drugs and alcohol; or (3) impaired by a controlled dangerous substance.

Other standards reasonably related to the insurer's economic and business purpose include, but are not limited to:

- a material misrepresentation in connection with the application, policy, or presentation of a claim;
- nonpayment of premium;
- revocation or suspension of the insured driver's license or motor vehicle registration for reasons relating to the driver's driving record within the preceding two-year period;
- two or more motor vehicle accidents or any combination of three or more accidents and moving violations within the preceding three-year period for which the insured was at fault for the accidents;
- three or more moving violations against the insured or a covered driver under the policy within the preceding two-year period; or

- conviction of the named insured or a covered driver under the policy of homicide, assault, reckless endangerment, or criminal negligence arising out of the operation of a vehicle or using a motor vehicle to participate in a felony.

Standards reasonably related to economic and business purposes do not require statistical validation.

Additional Information

Prior Introductions: None.

Cross File: HB 1311 (Delegate Jameson, *et al.*) - Economic Matters.

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

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