

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

House Bill 1180

(Delegates Rudolph and Malone)

Environmental Matters

Finance

Vehicle Laws - Required Security - Electronic Reporting Requirements

This bill requires an insurer or other provider of required security to immediately notify the Motor Vehicle Administration (MVA) electronically of new motor vehicle insurance policies issued. For fleet policies, an insurer or provider of required security must electronically notify MVA every 30 days of any additions, deletions, or modifications to the fleet policy, including the policy numbers affected. In addition, the bill requires insurers or other providers of required security to immediately notify MVA electronically of terminations or other lapses in coverage.

Fiscal Summary

State Effect: The bill is not anticipated to materially affect State operations or finances.

Local Effect: The bill is not anticipated to materially affect local operations or finances.

Small Business Effect: Minimal.

Analysis

Bill Summary: The bill defines “fleet policy” as an insurance policy issued for a fleet of vehicles that provides coverage that is not based on a schedule of individual vehicles at the time the policy is issued.

Current Law: The owner of a motor vehicle that is required to be registered in Maryland must maintain required security for the vehicle during the registration period. MVA may not issue or transfer the registration of a motor vehicle unless the owner or

prospective owner of the vehicle provides satisfactory evidence to MVA that the required security is in effect.

If the required security for a vehicle lapses at any time, the registration of that vehicle is suspended automatically as of the date of the lapse, effective within 60 days after notification to MVA. The registration remains suspended until the vehicle owner submits evidence of replaced security on a designated MVA form, certified by the insurance provider, along with the uninsured motorist penalty fee.

MVA regulations state that lapses and terminations of coverage must be reported immediately to MVA by the insurer. If the insurer writes fewer than 5,000 policies in the State, the insurer must report lapses and terminations on either a specified form or electronically in a format prescribed by MVA. If the insurer writes 5,000 or more policies in the State, the insurer must transmit lapses and terminations electronically.

Additional Information

Prior Introductions: None.

Cross File: None.

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

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mlm/ljm

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