

Department of Legislative Services
Maryland General Assembly
2012 Session

FISCAL AND POLICY NOTE

House Bill 1335 (Delegate Stein)
Environmental Matters

**Vehicle Laws - Carrying and Displaying Proof of Required Security -
Requirements**

This bill requires an individual who is operating a vehicle to carry proof of required vehicle security in the vehicle and display proof of the required security on demand of a police officer. A police officer who detains a driver for a suspected violation of Maryland law must demand that the driver display proof of required security.

An individual who drives a rental vehicle may satisfy the proof of security requirement by carrying a valid rental agreement in the vehicle and making it available in place of the proof of required security if (1) the vehicle is rented under the provisions of the Maryland Vehicle Law applicable to rented vehicles; or (2) the vehicle is rented or leased for a period of no more than 180 days and registered in another state.

A person who violates the provisions of the bill is guilty of a misdemeanor and is subject to a fine of \$30.

Fiscal Summary

State Effect: Minimal increase in general fund revenues due to the fine created for this new offense. Enforcement can be handled with existing resources.

Local Effect: Enforcement can be handled with existing resources.

Small Business Effect: None.

Analysis

Bill Summary: The bill defines “proof of required security” to mean (1) a current document issued by an insurer authorized to write vehicle liability insurance policies in the State that lists identifying information, as specified; or (2) a document evidencing a form of security to the Motor Vehicle Administration (MVA) in place of a vehicle liability insurance policy.

Current Law:

Required Security: 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.

Each insurer that issues, sells, or delivers a motor vehicle insurance policy in the State must offer collision coverage for damage to insured motor vehicles. This coverage must provide insurance if the motor vehicle accident occurs in a state, Canada, or Mexico. Chapter 441 of 2010 increased, beginning January 1, 2011, the minimum security required on a motor vehicle liability insurance policy for bodily injury or death of a single individual from \$20,000 to \$30,000, and for more than one individual from \$40,000 to \$60,000.

Rental Vehicles as Replacement Vehicles: A “replacement vehicle” is defined as a vehicle that is loaned by an auto repair facility or a dealer, or that an individual rents temporarily, to use while a vehicle owned by the individual is not in use because of breakdown, repair, service, damage, or some other reason described in the individual’s insurance policy.

The owner of a replacement vehicle may satisfy the requirement to maintain required security under the Maryland Vehicle Law by maintaining required security that is secondary to any other valid and collectible coverage of the owner's vehicle, which meets the minimum required levels, while it is used as a replacement vehicle. If the owner of a replacement vehicle provides this secondary coverage, the agreement to be signed by the individual to whom the replacement vehicle is loaned must contain on the face of the agreement, in at least 10-point bold type, information that the coverage on the vehicle being serviced or repaired is primary coverage for the replacement vehicle and the coverage maintained by the owner on the replacement vehicle is secondary.

State Revenues: The Judiciary advises that the prepayment penalty established for this offense is likely to be a maximum of \$63: \$30 for the fine; and a maximum of \$33 for court costs.

Additional Information

Prior Introductions: A bill which included similar provisions, HB1348 of 2010, was withdrawn after a hearing in the House Environmental Matters Committee. Another similar bill, HB 1294 of 2008, was withdrawn after a hearing in the House Environmental Matters Committee.

Cross File: None.

Information Source(s): Kent, Montgomery, Washington, and Worcester counties; Baltimore City; Maryland Insurance Administration; Judiciary (Administrative Office of the Courts); Maryland Automobile Insurance Fund; Department of State Police; Maryland Department of Transportation; Department of Legislative Services

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