

Department of Legislative Services
Maryland General Assembly
2013 Session

FISCAL AND POLICY NOTE

House Bill 392

(Chair, Economic Matters Committee)(By Request -
Departmental - Insurance Administration, Maryland)

Economic Matters

Finance

**Motor Vehicle Liability Insurance - Personal Injury Protection Coverage -
Prohibition on Premium Increase**

This departmental bill prohibits a personal injury protection (PIP) coverage insurer from reclassifying a policy or removing or reducing a discount due to a claim or payment made under the coverage. The bill requires that the insurer provide a policyholder with written notice of this limitation.

The bill applies prospectively and does not apply to any motor vehicle insurance policy issued, delivered, or renewed before its October 1, 2013 effective date.

Fiscal Summary

State Effect: Minimal special fund revenue increase for the Maryland Insurance Administration (MIA) from the \$125 rate and form filing fee in FY 2014. Review of filings can be handled with existing MIA budgeted resources.

Local Effect: None.

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

Analysis

Current Law: Unless waived by the first named insured, an insurer that issues policies of motor vehicle insurance must include PIP coverage. PIP coverage is required to cover

medical, hospital, and disability benefits for the individuals injured in a motor vehicle accident. The minimum medical, hospital, and disability benefit under PIP is \$2,500 for payment of all reasonable and necessary expenses that arise from a motor vehicle accident and are incurred within three years after the accident for specified services and lost income. PIP coverage is payable regardless of who is at fault in an accident. If specified requirements are met, a primary insured may waive PIP coverage for himself or herself. A waiver of PIP coverage by the primary insured is binding on each named insured, each listed driver, and each member of the primary insured's family age 16 or older who resides in the household.

The PIP coverage insurer may not impose a surcharge or retitle the policy for a claim or payment and, at the time the policy is issued, must provide the policyholder with written notice of this limitation.

Background: By prohibiting a PIP coverage insurer from reclassifying a policy or reducing a discount because a claim or payment has been made, the bill prevents a consumer from being penalized for making a claim under no-fault coverage.

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

Fiscal Note History: First Reader - January 29, 2013
ncs/ljm

Analysis by: Michael F. Bender

Direct Inquiries to:
(410) 946-5510
(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Motor Vehicle Liability Insurance – Personal Injury Protection Coverage
– Prohibition on Premium Increase

BILL NUMBER: HB 392

PREPARED BY: Maryland Insurance Administration

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL
BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.