

Department of Legislative Services
Maryland General Assembly
2016 Session

FISCAL AND POLICY NOTE
Third Reader - Revised

House Bill 501
Economic Matters

(Delegate Chang)

Finance

Motor Vehicle Insurance - Volunteer Drivers

This bill prohibits motor vehicle liability insurers from (1) canceling or refusing to issue an insurance policy to an insured or applicant solely because he or she is a volunteer driver or (2) imposing a surcharge or increasing the rates on a policy because the insured or applicant, a member of the insured's or applicant's family, or someone who normally operates the insured's or applicant's motor vehicle is a volunteer driver. "Volunteer driver" means an individual who provides driving services, including the transportation of people or goods, to a legally recognized charitable or not-for-profit organization in the State without compensation other than for expenses.

The bill must be construed to apply to every policy of motor vehicle liability insurance issued, sold, delivered, or renewed in the State on or after January 1, 2017.

Fiscal Summary

State Effect: Minimal increase in Maryland Insurance Administration (MIA) special fund revenues in FY 2017 due to \$125 rate and form filings. Review of the filings can be handled with existing resources.

Maryland Automobile Insurance Fund (MAIF) Effect: The bill does not affect MAIF operations or finances; MAIF does not alter its policies based on the volunteer driver status of its policyholders.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Maryland law requires an owner of a motor vehicle that is required to be registered in the State to maintain insurance for the vehicle during the registration period. The security required must provide at least the payment of claims:

- for bodily injury or death arising from an accident of up to \$30,000 for any one person and up to \$60,000 for any two or more persons;
- for property of others damaged or destroyed in an accident of up to \$15,000;
- unless waived, for personal injury protection of \$2,500 per person; and
- for uninsured motorist coverage (unless waived, the amount equals the amount of liability coverage provided under the policy; if waived, the amount equals the minimum required insurance for liability coverage).

Automobile liability insurance coverage is mandatory in 49 states and the District of Columbia. Only New Hampshire does not have compulsory automobile insurance liability laws; however, its law requires financial responsibility (*i.e.*, sufficient assets to pay claims against the motorist if the motorist causes an accident and does not have automobile insurance) to operate a vehicle. According to the Insurance Information Institute, of all 50 states and the District of Columbia, the most common required minimum liability coverage is \$25,000 (for an individual injured in an accident)/\$50,000 (for all injuries in an accident).

Examples of organizations that provide the type of service described by the bill include “Partners in Care” in Anne Arundel County and “Neighbor Ride” in Howard County. Volunteers for both organizations provide transportation for seniors who may not have their own transportation.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History:
min/ljm

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