

Department of Legislative Services  
Maryland General Assembly  
2016 Session

FISCAL AND POLICY NOTE  
Third Reader

House Bill 1165  
Economic Matters

(Delegate Lisanti)

Finance

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Vehicle Laws - Lapse or Termination of Required Security - Notice

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This bill requires automobile liability insurers and other providers of the required security for motor vehicles registered in the State to immediately provide electronic notice to a vehicle owner, if the owner has provided an email address to the insurer or other provider, when the required security for the vehicle terminates or lapses.

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Fiscal Summary

**State Effect:** The bill is not anticipated to materially affect State governmental operations or finances as many insurers likely already comply; however, uninsured motorist penalty revenues may decrease negligibly.

**Maryland Automobile Insurance Fund (MAIF) Effect:** MAIF can handle the bill's requirements using existing budgeted resources.

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

**Small Business Effect:** Minimal.

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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).

The Motor Vehicle Administration (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. Automobile liability insurers and other providers of the required security must immediately and electronically notify MVA when a vehicle's required security terminates or lapses. 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.

If the required security for a vehicle lapses, MVA may assess the owner of the vehicle a penalty of \$150 for each vehicle without the required security for the first 30 days. Beginning on the thirty-first day, the fine increases by a rate of \$7 for each day, but the total fine may not exceed \$2,500 annually, not including the additional misdemeanor penalty of up to \$500, which may be prepaid with a fine of \$290. Operating a vehicle without adequate security is a misdemeanor penalty of \$500, which may not be prepaid, and results in the imposition of five points on the driver's record.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - March 2, 2016  
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