

**Department of Legislative Services**  
Maryland General Assembly  
2018 Session

**FISCAL AND POLICY NOTE**  
**Third Reader**

Senate Bill 1131

(Senator Middleton)

Finance

Economic Matters

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**Motor Vehicle Insurance - Commercial Policies - Insurance Identification Card**

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This bill expressly authorizes a commercial motor vehicle liability insurer to issue an insurance identification card for a period of 12 months if the policy (1) is a 12-month policy and (2) covers three or more vehicles. The insurance card may be issued even if the payment by the insured is for a period of less than 12 months.

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**Fiscal Summary**

**State Effect:** The bill does not materially affect State operations or finances.

**Local Effect:** The bill does not directly affect local government 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 mandatory minimum coverage for private passenger motor vehicles is specified by State law; however, commercial motor vehicles must meet the requirements of federal law. The minimum security required for a commercial motor vehicle varies depending on whether the motor vehicle carries passengers or property. For example, a commercial motor vehicle that carries 15 or fewer passengers is required to maintain minimum security of \$1.5 million. However, a commercial motor vehicle that carries more than 10,000 pounds of nonhazardous property is only required to maintain minimum security of \$750,000.

An insurer that issues, sells, or delivers a motor vehicle liability insurance policy in the State must provide an insurance identification card with specified information to the policyholder. If the insurer and insured both agree, the identification card can be produced in an electronic format. Generally, an insurance identification card is valid only for the period for which motor vehicle liability insurance coverage has been paid by an insured. However, if the insured is on an insurer-sponsored payment plan or has financed premiums through a premium finance company, the insurance identification card may be issued for periods of six months even if the payment by the insured is for a period of less than six months.

Chapters 401 and 402 of 2016 require the driver of a motor vehicle to carry evidence of required security (generally, proof of insurance or an insurance identification card) while operating the vehicle. A person who violates this requirement is subject to a fine of \$50, which may be waived but, if collected, must be deposited into the Uninsured Motorist Education and Enforcement Fund (UMEEF), which was also created by those acts. UMEEF is administered by the Motor Vehicle Administration and must be used to educate drivers about and enforce the security requirements for motor vehicles under the Maryland Vehicle Law.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - March 8, 2018  
mm/jc Third Reader - March 20, 2018

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Analysis by: Richard L. Duncan

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