

Department of Legislative Services
 Maryland General Assembly
 2018 Session

FISCAL AND POLICY NOTE
 First Reader

House Bill 987 (Delegate Brooks, *et al.*)
 Economic Matters

Vehicle Laws - Security Lapses - Notice to Maryland Automobile Insurance Fund

This bill requires the Motor Vehicle Administration (MVA) to notify the Maryland Automobile Insurance Fund (MAIF) when it receives notice from an insurer that the required security on a vehicle has terminated or lapsed. The notice provided to MAIF must include the name and available contact information for the owner of the affected vehicle.

Fiscal Summary

State Effect: Transportation Trust Fund expenditures increase by \$38,000 in FY 2019 for one-time programming costs. Revenues are not affected.

(in dollars)	FY 2019	FY 2020	FY 2021	FY 2022	FY 2023
Revenues	\$0	\$0	\$0	\$0	\$0
SF Expenditure	38,000	0	0	0	0
Net Effect	(\$38,000)	\$0	\$0	\$0	\$0

Note: () = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate increase; (-) = indeterminate decrease

MAIF Effect: The bill’s requirements can be handled using existing resources. Revenues are not materially affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: 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.

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 on a vehicle terminates or lapses, the insurer must electronically and immediately notify MVA. In the event of any lapse at any time, the registration of the vehicle is suspended automatically as of the date of the lapse, effective within 60 days after notification to MVA. After receiving this notice, MVA must make a reasonable effort to notify the owner of the vehicle that registration on the vehicle has been suspended. 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.

State Expenditures: MVA utilizes an electronic notification system that allows automobile insurers in the State (including MAIF) to notify MVA in the event that a motor vehicle becomes uninsured. This system can be modified to relay the required information to MAIF for a one-time programming cost of \$38,000 in fiscal 2019.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Department of Transportation; Maryland Automobile Insurance Fund; Department of Legislative Services

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