

**Department of Legislative Services**  
Maryland General Assembly  
2019 Session

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

House Bill 379

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

Economic Matters

Finance

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**Maryland Automobile Insurance Fund - Commercial Policies - Notice and  
Quotes**

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This departmental bill requires the Maryland Automobile Insurance Fund (MAIF) to send an expiration notice to commercial policyholders at least 45 days prior to the expiration of the policy. In addition, the bill requires MAIF to provide a new rewritten policy quote for a commercial policy to an insurance producer under specified circumstances.

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**Fiscal Summary**

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

**MAIF Effect:** MAIF can handle the bill's requirements using existing resources; revenues are not affected.

**Local Effect:** The bill does not directly affect local governmental operations or finances.

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

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**Analysis**

**Bill Summary:** If a commercial policyholder requests a rewritten policy with MAIF, but the policyholder's insurance producer is unable to complete the request, then MAIF must provide the producer with a rewritten policy quote within seven days after it has all the information to do so from the producer.

**Current Law/Background:** Created by the General Assembly in 1972, MAIF is an independent nonbudgeted State agency. Through its Insured Division, MAIF provides automobile liability insurance to residents of the State who are unable to obtain policies in the private insurance market. MAIF is not in direct competition with the private insurance industry. In other states, private insurance companies share in insuring those unable to obtain insurance (known as the residual market) through an assigned risk plan in their respective states. The residual market for personal automobile insurance is the “market of last resort” for drivers who are unable to find coverage in the voluntary market. Maryland is the only state that has a state plan. Most states have an automobile assigned risk plan.

Private passenger automobile insurers and commercial insurers in the State are required to send notice to policyholders for a variety of reasons. For example, both types of insurers must notify a policyholder at least 45 days before the proposed effective date of any proposed action (which includes cancellation or nonrenewal of the policy). These requirements are substantively similar to the bill’s notification requirement for MAIF.

An insurance producer is a person licensed by MIA to sell insurance in the State on behalf of an insurer. A producer can be a captive agent, only selling insurance for one insurer, or an independent agent, able to sell insurance for more than one insurer. An individual applying for the license must be of good character and trustworthy and meet any education requirements specified by law and set by the Commissioner. An insurer is authorized to pay commissions or other compensation to licensed insurance producers.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

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

**Fiscal Note History:** First Reader - February 5, 2019  
mag/ljm Revised - Updated Information - February 6, 2019  
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**ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES**

**TITLE OF BILL: Maryland Automobile Insurance Fund - Commercial Policies - Notice and Quotes**

**BILL NUMBER: HB 379**

**PREPARED BY:  
(Dept./Agency) Maryland Insurance Administration**

**PART A. ECONOMIC IMPACT RATING**

This agency estimates that the proposed bill:

  X   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**

No economic impact. This bill simply requires the Maryland Automobile Insurance Fund (MAIF) to send an expiration notice to commercial policy holders at least 45 days prior to the expiration of the policy. The bill also requires MAIF to provide a rewritten policy quote for a commercial policy to a fund producer in a certain amount of time.