

Maryland State Police Position SB 254.pdf

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State of Maryland
Department of State Police
Government Affairs Unit
Annapolis Office (410) 260-6100

POSITION ON PROPOSED LEGISLATION

DATE: February 6, 2024

BILL NUMBER: Senate Bill 254 **Position: Support**

BILL TITLE: Vehicle Laws – Motor Vehicle Insurance Companies - Requirements

REVIEW AND ANALYSIS:

This legislation seeks to require motor vehicle insurance companies to participate in the Motor Vehicle Administration's (MVA) online verification program for motor vehicle insurance policies. The insurers shall provide the MVA with all active policies in a format required by the Administration.

Under current law, the MVA maintains insurance information for motor vehicles registered in the state of Maryland. Law enforcement officers rely on the MVA to provide insurance confirmation when the officer is investigating motor vehicle accidents or during a traffic stop that might require further research into the vehicle itself.

SB 254 requires insurance companies to report real time data to the MVA in the format the agency requires. Once the details are worked out, it is expected that law enforcement officers would be able to access the data via their in-car computer systems. The information would provide the officer up to date information on the status of the motor vehicle insurance resulting in enforcement and removal of the vehicle from the roadway if necessary. The system would also be helpful in confirming a motor vehicle insurance status, providing assurances to the other driver's in an accident.

In Maryland there are over 100,000 accidents each year. There are any number of accidents where one of the drivers is uninsured. To help combat this problem the Insurance industry supported a change in the law requiring motor vehicle drivers to carry proof of insurance in the motor vehicle and present the proof when requested by a police officer. This law, at the time, was designed to help with the enforcement of uninsured motor vehicle violations and improve highway safety.

The Maryland Department of State Police believes this legislation provides the next step to help law enforcement with real time information on whether or not a motor vehicle is properly insured. This, in turn allows for the proper sharing of information at accident scenes or enforcement, if necessary.

For these reasons, the Maryland Department of State Police urges the Committee to give SB 254 a favorable report.

SB0254 - MVA - Vehicle Laws - Motor Vehicle Insura

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February 6, 2024

The Honorable William C. Smith, Jr.
Chair, Senate Judicial Proceedings
2 East, Miller Senate Office Building
Annapolis MD 21401

***RE: Letter of Support - Senate Bill 254 - Vehicle Laws - Motor Vehicle Insurance
Companies - Requirements***

Dear Chair Smith and Committee Members:

The Maryland Department of Transportation (MDOT) supports Senate Bill 254 as it streamlines insurance verification to reduce the burden on insurance companies, the Motor Vehicle Administration (MVA), law enforcement, and vehicle owners themselves.

Senate Bill 254 requires insurance companies to provide their complete book of business at periodic intervals. It further requires insurers to participate in the MVA's online verification (OLV) system. The periodic transmittal of the book of business will allow the burden of accurate and timely insurance information to be shifted to the MVA in a more efficient manner. At the same time, it will mandate OLV participation that will allow real-time verification of insurance by the MVA and in the future law enforcement to allow for timely enforcement of Maryland insurance coverage laws. These requirements further reduce the frequency of false lapse cases incurred by Marylanders due to inaccurate information provided by their insurance company, reducing burdens on both Maryland vehicle owners and the MVA.

This bill will change the approach of relying on insurance companies to transmit various types of transactions daily to the MVA and substitute what is believed to be a more effective approach of a regular transfer of all policies. The MVA will then match those policies to customer vehicles. Insurance companies will no longer need to report transactional data, which has proven to be inconsistent and leads to false cases being created. Over the years, the MVA has made continual efforts to improve the reliability of insurance information, but there remain legitimate challenges. The current process of relying on several hundred independent, multi-jurisdictional insurance companies to record and transmit accurate data has not resulted in timely customer insurance records and the ability to confirm insurance with greater confidence. Removing the transactional nature of data shared and providing more reliable transmission of the data shared will move all facets of this process to a system less prone to natural human mistakes.

Additionally, the bill requires all insurance companies to participate in the OLV system. This system will allow a search of insurance company records in real time to find if a vehicle is insured at various points in time.

The Honorable William C. Smith, Jr.
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In fiscal year 2022, a total of 201,549 lapse cases were closed without payment of an uninsured motorist penalty. The most common scenario for case closure without payment of a penalty is proof that the vehicle was insured during the alleged lapse. 156,042 lapse cases were closed in FY22 with proof of vehicle insurance. Almost 70% of insurers participate in OLV, but the remaining non-participants create a problem in preventing false lapse cases through real-time verification. Reducing these cases, which lead to unnecessary inconvenience for customers and subsequent work to ensure companies verify insurance with the MVA after the false lapse case was created, will improve customer service for the MVA and reduce administrative overhead for insurers and the MVA.

Further, the MVA is currently using OLV with those companies currently participating, but this legislation would mandate participation by all companies. With participation mandatory for all insurers with active policies in Maryland, the MVA will be able to use OLV to effectively verify policies in real time during registration transactions. Verification of valid insurance prior to issuance of registration will further reduce the opportunities for lapse case creation on a properly insured vehicle.

For these reasons, the Maryland Department of Transportation respectfully requests the Committee grant Senate Bill 254 a favorable report.

Respectfully submitted,

Christine E. Nizer
Administrator
Maryland Motor Vehicle Administration
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Pilar Helm
Director of Government Affairs
Maryland Department of Transportation
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SB 254_FWA_MAMIC_NAMIC.pdf

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Position: FWA



191 Main Street, Suite 310 – Annapolis MD 21401 – 410-268-6871



February 5, 2024

The Honorable William C. Smith, Jr.
Chair, Senate Judicial Proceedings Committee
2 East, Miller Senate Office Building
Annapolis, Maryland 21401

RE: Senate Bill 254 Vehicle Laws - Motor Vehicle Insurance Companies – Requirements – FAVORABLE WITH AMENDMENT

Dear Chairman Smith and Members of the Committee,

Senate Bill 254 would fulfill a long-term goal of the Maryland General Assembly in providing a system of automobile insurance verification in real time. Maryland has struggled for many years to provide law enforcement officials and other agencies with effective tools to enforce our law that requires all vehicles to carry motor vehicle liability insurance. The adoption of the system described in Senate Bill 254 would finally achieve that goal. Please note that the MAMIC position is joined by our national association, the National Association of Mutual Insurance Companies (NAMIC).

MAMIC is comprised of 12 mutual insurance companies that are headquartered in Maryland and neighboring states. Approximately one-half of our members are domiciled in Maryland, and are key contributors and employers in our local communities. Together, MAMIC members offer a wide variety of insurance products and services and provide coverage for thousands of Maryland citizens.

On behalf of the Maryland Association of Maryland Insurance Companies (MAMIC), we support Senate Bill 254 with an amendment. The amendment is intended to provide MAMIC members sufficient opportunity to comply with the requirements of the new law. Because most of our members are small insurers with limited information technology resources, we request that the MVA delay the effective date of the bill until such time as final specifications are published and a sufficient period of time allowed for small insurers to comply. Note also that MAMIC and the MVA have been engaged in a constructive dialogue regarding this issue, and we hope to have agreed-upon language for an amendment to submit to the Committee as soon as possible.

Thank you for your consideration of our views on this important legislation.

Sincerely,

Jeane A. Peters, President MAMIC

Matthew Overturf, Regional Vice President NAMIC

SB 254 Vehicle Laws Motor Vehicles Ins. SWA JPR

Uploaded by: Nancy Egan

Position: FWA



Testimony of

American Property Casualty Insurance Association (APCIA)

Senate Judicial Proceedings Committee

Senate Bill 254- Vehicle Laws-Motor Vehicle Insurance Companies-Requirements

February 6, 2024

Support with Amendments

The American Property Casualty Insurance Association (APCIA) is a national trade organization whose members write approximately 55.2% of the personal auto insurance market and 75.7% of the commercial auto insurance market in Maryland. We thank the Motor Vehicle Administration (MVA) for submitting this legislation. The bill will require all insurers to participate in the MVA's online verification program and electronically provide MVA with all active policies in the format and at interval required by the MVA which would be a book of business transfer.

We have met with the MVA and discussed these changes and are working with the Insurance Industry Committee on Motor Vehicle Administration (IICMVA) with the implementation. The IICMVA is a technical advisory group made up of insurance industry professionals whose primary areas of focus include compulsory insurance reporting. It acts as a liaison between state motor vehicle departments and member insurance companies.

Several companies will need additional time to implement the new requirement and APCIA asks for an extension of the effective date while MVA develops technical aspects to implement this book of transfer program. There is also concern for insurers who provide insurance for large commercial risks who have large fleet policies that are provided on an audited basis. Based on this information, the APCIA requests the following amendments:

1. Change the effective date of the bill to January 1, 2025; and
2. Provide in the uncodified language the following:

“SECTION 2. AND BE IT FURTHER ENACTED, That in developing the format and transmission intervals of the information required to be provided under Subsection (c)(3) of this Act, the Administration shall consult with representatives of the Insurance Industry Committee on Motor Vehicle Administration (IICMVA) for information and insight on other states' experience in implementing and administering an online verification system and reviewing the verification system to accommodate its application to large fleet commercial auto policies for commercial insureds.”

With these amendments, APCIA urges the Committee to provide a favorable report on Senate Bill 254.

Nancy J. Egan,

State Government Relations Counsel, DC, DE, MD, VA, WV

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