

Department of Legislative Services
Maryland General Assembly
2020 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 144

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

Economic Matters

Finance

**Insurance - Uninsured or Enhanced Underinsured Motorist Coverage - Property
Damage**

This departmental bill clarifies that uninsured motorist (UM) coverage or enhanced underinsured motorist (EUIM) coverage in a motor vehicle insurance policy must (1) entitle the insured to recover from the owner or operator of an uninsured motor vehicle because of property damage (including the loss of use of the insured vehicle) and (2) at least equal the minimum security required for all motor vehicles for bodily injury and property damage (including the loss of use of the insured vehicle).

Fiscal Summary

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

Maryland Automobile Insurance Fund Effect: None.

Local Effect: None.

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.

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 or exempt under Chapters 425 and 426 of 2016, for personal injury protection coverage of \$2,500 per person; and
- for UM or EUIM coverage under Chapters 20 and 815 of 2017 (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).

Regarding UM or EUIM coverage, State law explicitly requires the coverage to entitle the insured or the insured's surviving relatives to recover from the owner or operator of an uninsured/underinsured motor vehicle in the event of bodily injury (or death).

Background: UM and EUIM coverage pay for injury and damages caused by an uninsured or hit-and-run driver. The coverage reimburses the policyholder, members of the policyholder's family, or a designated driver for an accident caused by the uninsured motorist. The coverage generally pays for repairs to property as well as medical expenses, lost wages, and pain and suffering.

A recently issued circuit court ruling interpreted § 19-509 of the Insurance Article as not requiring UM and EUIM coverage to pay for the loss of use of the insured's vehicle (which typically means reimbursement for a rental car). MIA advises this is a departure from how it and almost every private passenger automobile insurer interprets that provision. Thus, the bill clarifies that such coverage must pay for the loss of use of the insured's vehicle.

Additional Information

Prior Introductions: None.

Designated Cross File: None.

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

Fiscal Note History: First Reader - January 28, 2020
an/jc Third Reader - February 6, 2020

Analysis by: Richard L. Duncan

Direct Inquiries to:
(410) 946-5510

(301) 970-5510

ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

**TITLE OF BILL: Insurance - Uninsured or Enhanced Underinsured Motorist Coverage
- Property Damage**

BILL NUMBER: HB 144

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

None.