

rates have risen to and beyond the point of affordability, they do not accurately reflect the degree of risk involved; and

WHEREAS, Many uninsured motorists do not retain coverage because they cannot afford the rates currently charged by the Fund and by private insurers; and

WHEREAS, The Maryland Automobile Insurance Fund normally experiences losses caused by its insured motorists, the Fund's problems are exacerbated by the addition of annual losses caused by uninsured motorists which have, in turn, required the imposition of a surcharge on all private policies from an average of \$3 to over an average of \$13 per year; and

WHEREAS, The Fund has a current deficit in excess of \$38 million; and

WHEREAS, It is the policy of the State of Maryland that effective steps must be taken to eliminate the problem of the uninsured motorists; and

WHEREAS, Current mechanisms to enforce the compulsory automobile insurance laws are cumbersome and create an unnecessary burden on the vehicle owners who comply with the law; and

WHEREAS, The burden on the public of complying with the current insurance verification laws can be alleviated by first requesting insurance information of insurers and by amending the laws so that the vehicle owner is required to verify insurance coverage only if the owner's insurer cannot verify whether the owner is insured; and

WHEREAS, The Maryland Automobile Insurance Fund and the Insurance Commissioner have been constrained in their efforts to address the financial pressures of a changing residual automobile insurance market; and

WHEREAS, Rates charged by the Maryland Automobile Insurance Fund must adequately reflect the degree of risk involved but must also remain affordable to that segment of the population which is dependent on the Fund for automobile insurance; now, therefore,

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:

Article 48A - Insurance Code

243C.

(a) (1) The executive director shall determine the premiums to be charged on policies issued by the Fund, subject to approval by the Commissioner of Insurance. The provisions of § 242(c) of this article shall apply to the determination of premiums by the executive director, but nothing in said § 242(c) or in this