

July 7, 2016

CIRCULAR LETTER TO ALL MEMBER COMPANIES

Re: House Bill 959
Cession of Mopeds

Statutory changes enacted in 2015 (House Bill 148) provided that, effective July 1, 2016, moped liability insurance would no longer be eligible for cession to the Reinsurance Facility. However, during the 2016 session of the General Assembly, the Legislature passed House Bill 959, which overrides the provision of House Bill 148 that eliminated the ability to cede moped liability insurance. The result is that (assuming no veto by the Governor) companies can continue to cede moped liability insurance to the Reinsurance Facility. Please note that House Bill 959 also provides that, effective July 1, 2016, cession of medical payments coverage for mopeds is not permitted (similar to motorcycles).

House Bill 959 has been ratified and awaits the Governor's signature. Absent the Governor's veto, we believe that the pertinent provisions of House Bill 959 will be effective as of July 1, 2016 and therefore cession to the Reinsurance Facility of liability insurance on mopeds for eligible risks will continue without interruption.

Please note that House Bill 959 contains language in a separate section of the bill, which section becomes effective December 1, 2016, that states that moped liability insurance is not eligible for cession to the Reinsurance Facility. We have been advised that this change was not intended and will be addressed later. We will continue to follow this provision and will promptly advise of any future developments regarding it.

House Bill 148 also required that, effective July 1, 2016, moped owners must maintain financial responsibility for the operation of mopeds. House Bill 959 did not affect this provision of House Bill 148.

In summary:

- Effective July 1, 2016, moped owners must maintain financial responsibility for the operation of mopeds.
- Assuming the Governor does not veto House Bill 959, the Reinsurance Facility is required to continue to accept cession of moped liability insurance on eligible risks, and as a result insurers are required to sell that coverage to eligible risks.
- Medical payments coverage on mopeds is no longer cedable effective July 1, 2016, again assuming the Governor does not veto House Bill 959.

Please see to it that this circular is brought to the attention of all interested personnel in your company.

Very truly yours,

F. Timothy Lucas

Automobile Manager

FTL:dms

RF-16-9