

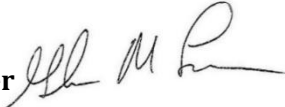
Government of the District of Columbia
Office of the Chief Financial Officer



Glen Lee
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Glen Lee
Chief Financial Officer 

DATE: May 5, 2026

SUBJECT: Fiscal Impact Statement – Motor Vehicle Insurance Modernization
Amendment Act of 2026

REFERENCE: Bill 26-57, Draft Committee Print as provided to the Office of Revenue
Analysis on April 27, 2026

Conclusion

Funds are sufficient in the proposed revised fiscal year 2026 budget and proposed fiscal year 2027 through fiscal year 2030 budget and financial plan to implement the bill.

Background

The District requires a motor vehicle operator owning or operating a motor vehicle in the District to purchase motor vehicle insurance. District laws mandate that insurers provide consumers with certain mandatory and optional insurance coverage and that they provide these coverages with mandatory minimum benefits.

The bill increases the mandatory minimum coverage for property damage to a third party caused by the insured party from \$10,000 per accident to \$20,000 per accident. The bill also increases the mandatory minimum coverage for personal injury to any third party from \$25,000 for any one person and \$50,000 for all persons injured in any one accident to \$50,000 and \$100,000 respectively. The bill increases mandatory minimum coverage for personal injury and property damage caused by an uninsured motorist from \$25,000 and \$50,000 to \$50,000 and \$100,000 for personal injury and \$5,000 to \$20,000 for property damage. The bill increases these new mandatory minimum coverages by \$5,000 per person, \$10,000 for all persons in one accident, and \$2,000 for property damage from one accident on January 1, 2029 and every ten years thereafter.

The Honorable Phil Mendelson

FIS: Bill 26-57, "Motor Vehicle Modernization Amendment Act of 2026," Draft Committee Print as provided to the Office of Revenue Analysis on April 27, 2026

The bill establishes enhanced underinsured motorist coverage and requires every insurer selling insurance in the District to include this coverage unless waived¹ by the insured party. The bill sets the coverage limit for enhanced underinsured motorists at the same level of coverage the policy provides for uninsured motorist coverage. Enhanced underinsured motorist coverage allows the insured party to receive coverage from their insurance policy without any deductions for amounts paid by the underinsured motorists insurance policy. The bill establishes who is excluded from coverage of enhanced underinsured motorist benefits.

The bill makes these changes effective as of October 1, 2027.

The bill also prohibits any insurance provision that requires binding arbitration related to injury or damage from the operation of an underinsured motor vehicle after the bill's effective date.

Financial Plan Impact

Funds are sufficient in the proposed revised fiscal year 2026 budget and proposed fiscal year 2027 through fiscal year 2030 budget and financial plan to implement the bill. The Department of Insurance, Securities, and Banking (DISB) regulates insurance companies and ensures they provide the correct products to District consumers. DISB can impose the new requirements on insurers and enforce the increased minimum mandatory coverage amounts and the new enhanced underinsured motorist coverage processes within the agency's existing budgeted resources.

¹ If the insured party does not waive the enhanced underinsured motorist coverage in proper written form, the insurer is required to provide the coverage.