
By: Delegate Workman

Introduced and read first time: January 31, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 Motor Vehicle Insurance - Rate Reduction - Defensive Driving Course

3 FOR the purpose of requiring insurers to provide a certain reduction in rates for motor
4 vehicle personal injury, property damage, and collision coverage to an insured older
5 than a certain age who successfully completes a certain defensive driving course;
6 specifying the requirements for claiming a rate reduction; authorizing an insurer not
7 to provide a rate reduction under certain circumstances; limiting the effect of the
8 rate reduction to a certain period of time; establishing certain conditions for
9 renewal of the rate reduction; authorizing the insurer to cancel the rate reduction
10 under certain circumstances; repealing provisions permitting insurers to provide
11 rate reductions to certain insureds; and generally relating to rate reductions for
12 motor vehicle insurance.

13 BY repealing and reenacting, with amendments,
14 Article 48A - Insurance Code
15 Section 242(c)(8) and 244D(e)(6)
16 Annotated Code of Maryland
17 (1994 Replacement Volume and 1995 Supplement)

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

20 **Article 48A - Insurance Code**

21 242.

22 (c) All rates shall be made in accordance with the following principles:

23 (8) (I) [An] EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH,
24 AN insurer [may] SHALL provide a reduction in rates [based on actuarial justification,]
25 OF NOT LESS THAN 5% for motor vehicle personal injury [and], property damage, AND
26 COLLISION coverage, to an insured who:

27 [(i)] 1. Is at least 55 years of age; [and

28 [(ii)] 2. [Within the last 2 years, has] HAS completed successfully:

29 A. THE NATIONAL SAFETY COUNCIL'S DEFENSIVE DRIVING
30 COURSE; OR

2

1 B. [a] A course in accident prevention THAT MEETS OR
2 EXCEEDS THE NATIONAL SAFETY COUNCIL'S DEFENSIVE DRIVING COURSE'S
3 8-HOUR CLASSROOM SAFETY PROGRAM AND [:

4 1. That] is approved by the Motor Vehicle Administration[;

5 2. That includes classroom instruction or practice driving of the
6 number of hours that the Motor Vehicle Administration requires]; and

7 3. [For which the insured has] HAS received a certificate that
8 certifies the completion of [the] A course UNDER THIS SUBPARAGRAPH.

9 (II) AN INSURED CLAIMING ELIGIBILITY FOR A RATE REDUCTION
10 UNDER THIS PARAGRAPH SHALL PROVIDE TO THE INSURER THE INFORMATION
11 NECESSARY TO DETERMINE ELIGIBILITY.

12 (III) AN INSURER IS NOT REQUIRED TO PROVIDE A RATE
13 REDUCTION UNDER THIS PARAGRAPH:

14 1. FOR A MOTOR VEHICLE THAT IS PART OF A FLEET OR IS
15 USED FOR COMMERCIAL PURPOSES UNLESS THERE IS A REGULARLY ASSIGNED
16 PRINCIPAL OPERATOR WHO IS OTHERWISE ELIGIBLE FOR THE RATE REDUCTION;

17 2. FOR A MOTOR VEHICLE SUBJECT TO A HIGHER PREMIUM
18 RATE BECAUSE OF THE PREVIOUS MOTOR VEHICLE CLAIM EXPERIENCE OF THE
19 INSURED;

20 3. FOR A MOTOR VEHICLE WHOSE PRINCIPAL OPERATOR
21 HAS BEEN CONVICTED OF A MOVING VIOLATION WITHIN 1 YEAR BEFORE THE
22 INSURED CLAIMS ELIGIBILITY FOR A RATE REDUCTION UNDER THIS PARAGRAPH;

23 4. FOR A MOTOR VEHICLE WHOSE PRINCIPAL OPERATOR'S
24 DRIVER'S LICENSE HAS BEEN REVOKED OR SUSPENDED BY THE MOTOR VEHICLE
25 ADMINISTRATION WITHIN THE 36-MONTH PERIOD BEFORE THE INSURED CLAIMS
26 ELIGIBILITY FOR A RATE REDUCTION UNDER THIS PARAGRAPH;

27 5. FOR AN INSURED UNDER A POLICY OF GROUP
28 AUTOMOBILE INSURANCE FOR WHICH PREMIUMS ARE BROADLY AVERAGED FOR
29 THE GROUP RATHER THAN DETERMINED INDIVIDUALLY;

30 6. IF THE INSURED COMPLETED THE DEFENSIVE DRIVING
31 COURSE UNDER A COURT ORDER RESULTING FROM A MOVING VIOLATION; OR

32 7. IF THE RATE REDUCTION REQUIRED UNDER THIS
33 PARAGRAPH DUPLICATES A SIMILAR RATE REDUCTION OFFERED BY THE INSURER.

34 (IV) 1. A RATE REDUCTION PROVIDED UNDER THIS
35 PARAGRAPH SHALL BE IN EFFECT FOR 3 YEARS AFTER SUCCESSFUL COMPLETION
36 OF THE COURSE UNDER SUBPARAGRAPH (I)2 OF THIS PARAGRAPH.

37 2. SUBJECT TO SUBPARAGRAPH (V) OF THIS PARAGRAPH,
38 AN INSURER IS REQUIRED TO RENEW THE RATE REDUCTION ONLY IF THE INSURED
39 SUCCESSFULLY COMPLETES ANOTHER DEFENSIVE DRIVING COURSE NO MORE

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1 THAN 6 MONTHS BEFORE THE END OF THE RATE REDUCTION PERIOD THEN IN
2 EFFECT.

3 3. AN INSURER MAY CANCEL A RATE REDUCTION ONLY IF:

4 A. THE INSURED IS INVOLVED IN AN ACCIDENT FOR WHICH
5 THE INSURED IS AT FAULT;

6 B. THE INSURED IS CONVICTED OF, OR PLEADS GUILTY OR
7 NOLO CONTENDERE TO, A MOVING VIOLATION; OR

8 C. THE MOTOR VEHICLE ADMINISTRATION REVOKES OR
9 SUSPENDS THE DRIVER'S LICENSE OF THE INSURED.

10 (V) NOTHING IN THIS PARAGRAPH REQUIRES AN INSURER TO
11 PROVIDE AN ADDITIONAL RATE REDUCTION FOR A SECOND OR SUBSEQUENT
12 DEFENSIVE DRIVING COURSE SUCCESSFULLY COMPLETED BY THE INSURED
13 DURING THE PERIOD FOR WHICH THE RATE REDUCTION IS IN EFFECT.

14 244D.

15 The following standards apply to the making and use of rates pertaining to all
16 classes of insurance to which this subtitle is applicable:

17 (e) All rates shall be made in accordance with the following special principles:

18 (6) (I) [An] EXCEPT AS OTHERWISE PROVIDED IN THIS PARAGRAPH,
19 AN insurer [may] SHALL provide a reduction in rates [based on actuarial justification,]
20 OF NOT LESS THAN 5% for motor vehicle personal injury [and], property damage, AND
21 COLLISION coverage, to an insured who:

22 [(i)] 1. Is at least 55 years of age; [and

23 [(ii)] 2. [Within the last 2 years, has] HAS completed successfully:

24 A. THE NATIONAL SAFETY COUNCIL'S DEFENSIVE DRIVING
25 COURSE; OR

26 B. [a] A course in accident prevention THAT MEETS OR
27 EXCEEDS THE NATIONAL SAFETY COUNCIL'S DEFENSIVE DRIVING COURSE'S
28 8-HOUR CLASSROOM SAFETY PROGRAM AND [:

29 1. That] is approved by the Motor Vehicle Administration[;

30 2. That includes classroom instruction or practice driving of the
31 number of hours that the Motor Vehicle Administration requires]; and

32 3. [For which the insured has] HAS received a certificate that
33 certifies the completion of [the] A course UNDER THIS SUBPARAGRAPH.

34 (II) AN INSURED CLAIMING ELIGIBILITY FOR A RATE REDUCTION
35 UNDER THIS PARAGRAPH SHALL PROVIDE TO THE INSURER THE INFORMATION
36 NECESSARY TO DETERMINE ELIGIBILITY.

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1 (III) AN INSURER IS NOT REQUIRED TO PROVIDE A RATE
2 REDUCTION UNDER THIS PARAGRAPH:

3 1. FOR A MOTOR VEHICLE THAT IS PART OF A FLEET OR IS
4 USED FOR COMMERCIAL PURPOSES UNLESS THERE IS A REGULARLY ASSIGNED
5 PRINCIPAL OPERATOR WHO IS OTHERWISE ELIGIBLE FOR THE RATE REDUCTION;

6 2. FOR A MOTOR VEHICLE SUBJECT TO A HIGHER PREMIUM
7 RATE BECAUSE OF THE PREVIOUS MOTOR VEHICLE CLAIM EXPERIENCE OF THE
8 INSURED;

9 3. FOR A MOTOR VEHICLE WHOSE PRINCIPAL OPERATOR
10 HAS BEEN CONVICTED OF A MOVING VIOLATION WITHIN 1 YEAR BEFORE THE
11 INSURED CLAIMS ELIGIBILITY FOR A RATE REDUCTION UNDER THIS PARAGRAPH;

12 4. FOR A MOTOR VEHICLE WHOSE PRINCIPAL OPERATOR'S
13 DRIVER'S LICENSE HAS BEEN REVOKED OR SUSPENDED BY THE MOTOR VEHICLE
14 ADMINISTRATION WITHIN THE 36-MONTH PERIOD BEFORE THE INSURED CLAIMS
15 ELIGIBILITY FOR A RATE REDUCTION UNDER THIS PARAGRAPH;

16 5. FOR AN INSURED UNDER A POLICY OF GROUP
17 AUTOMOBILE INSURANCE FOR WHICH PREMIUMS ARE BROADLY AVERAGED FOR
18 THE GROUP RATHER THAN DETERMINED INDIVIDUALLY;

19 6. IF THE INSURED COMPLETED THE DEFENSIVE DRIVING
20 COURSE UNDER A COURT ORDER RESULTING FROM A MOVING VIOLATION; OR

21 7. IF THE RATE REDUCTION REQUIRED UNDER THIS
22 PARAGRAPH DUPLICATES A SIMILAR RATE REDUCTION OFFERED BY THE INSURER.

23 (IV) 1. A RATE REDUCTION PROVIDED UNDER THIS
24 PARAGRAPH SHALL BE IN EFFECT FOR 3 YEARS AFTER SUCCESSFUL COMPLETION
25 OF THE COURSE UNDER SUBPARAGRAPH (I)2 OF THIS PARAGRAPH.

26 2. SUBJECT TO SUBPARAGRAPH (V) OF THIS PARAGRAPH,
27 AN INSURER IS REQUIRED TO RENEW THE RATE REDUCTION ONLY IF THE INSURED
28 SUCCESSFULLY COMPLETES ANOTHER DEFENSIVE DRIVING COURSE NO MORE
29 THAN 6 MONTHS BEFORE THE END OF THE RATE REDUCTION PERIOD THEN IN
30 EFFECT.

31 3. AN INSURER MAY CANCEL A RATE REDUCTION ONLY IF:

32 A. THE INSURED IS INVOLVED IN AN ACCIDENT FOR WHICH
33 THE INSURED IS AT FAULT;

34 B. THE INSURED IS CONVICTED OF, OR PLEADS GUILTY OR
35 NOLO CONTENDERE TO, A MOVING VIOLATION; OR

36 C. THE MOTOR VEHICLE ADMINISTRATION REVOKES OR
37 SUSPENDS THE DRIVER'S LICENSE OF THE INSURED.

38 (V) NOTHING IN THIS PARAGRAPH REQUIRES AN INSURER TO
39 PROVIDE AN ADDITIONAL RATE REDUCTION FOR A SECOND OR SUBSEQUENT

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1 DEFENSIVE DRIVING COURSE SUCCESSFULLY COMPLETED BY THE INSURED
2 DURING THE PERIOD FOR WHICH THE RATE REDUCTION IS IN EFFECT.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 1996.