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**By: Delegates Pendergrass and Gordon**

Introduced and read first time: February 21, 1997

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Liability Insurance - Uninsured Motorist Coverage - Arbitration**

3 FOR the purpose of authorizing policies of motor vehicle liability insurance that contain  
4 certain uninsured motorist coverage to provide that disputes between the insured  
5 and the insurer may be submitted to arbitration at the request of the insured; and  
6 generally relating to arbitration of disputes about uninsured motorist coverage  
7 under policies of motor vehicle liability insurance.

8 BY repealing and reenacting, with amendments,  
9 Article - Insurance  
10 Section 19-509  
11 Annotated Code of Maryland  
12 (1996 Volume)  
13 (As enacted by Chapter 11 of the Acts of the General Assembly of 1996)

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

16 **Article - Insurance**

17 19-509.

18 (a) In this section, "uninsured motor vehicle" means a motor vehicle:

19 (1) the ownership, maintenance, or use of which has resulted in the bodily  
20 injury or death of an insured; and

21 (2) for which the sum of the limits of liability under all valid and collectible  
22 liability insurance policies, bonds, and securities applicable to bodily injury or death:

23 (i) is less than the amount of coverage provided under this section; or

24 (ii) has been reduced by payment to other persons of claims arising  
25 from the same occurrence to an amount less than the amount of coverage provided under  
26 this section.

27 (b) The uninsured motorist coverage required by this section does not apply to a  
28 motor vehicle liability insurance policy that insures a motor vehicle that:

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1 (1) is not subject to registration under § 13-402 of the Transportation  
2 Article because it is not driven on a highway; or

3 (2) is exempt from registration under § 13-402(c)(10) of the Transportation  
4 Article.

5 (c) In addition to any other coverage required by this subtitle, each motor vehicle  
6 liability insurance policy issued, sold, or delivered in the State after July 1, 1975, shall  
7 contain coverage for damages, subject to the policy limits, that:

8 (1) the insured is entitled to recover from the owner or operator of an  
9 uninsured motor vehicle because of bodily injuries sustained in a motor vehicle accident  
10 arising out of the ownership, maintenance, or use of the uninsured motor vehicle; and

11 (2) a surviving relative of the insured, who is described in § 3-904 of the  
12 Courts Article, is entitled to recover from the owner or operator of an uninsured motor  
13 vehicle because the insured died as the result of a motor vehicle accident arising out of  
14 the ownership, maintenance, or use of the uninsured motor vehicle.

15 (d) The uninsured motorist coverage required by this section shall be in the form  
16 and subject to the conditions that the Commissioner approves.

17 (e) (1) The uninsured motorist coverage contained in a motor vehicle liability  
18 insurance policy:

19 (i) shall at least equal:

20 1. the amounts required by Title 17 of the Transportation  
21 Article; and

22 2. the coverage provided to a qualified person under Title 20,  
23 Subtitle 6 of this article; and

24 (ii) may not exceed the amount of liability coverage provided under  
25 the policy.

26 (2) Unless waived in accordance with § 19-510 of this subtitle, the amount  
27 of uninsured motorist coverage provided under a private passenger motor vehicle liability  
28 insurance policy shall equal the amount of liability coverage provided under the policy.

29 (f) An insurer may exclude from the uninsured motorist coverage required by this  
30 section benefits for:

31 (1) the named insured or a family member of the named insured who resides  
32 in the named insured's household for an injury that occurs when the named insured or  
33 family member is occupying or is struck as a pedestrian by an uninsured motor vehicle  
34 that is owned by the named insured or an immediate family member of the named insured  
35 who resides in the named insured's household; and

36 (2) the named insured, a family member of the named insured who resides  
37 in the named insured's household, and any other individual who has other applicable  
38 motor vehicle insurance for an injury that occurs when the named insured, family  
39 member, or other individual is occupying or is struck as a pedestrian by the insured motor

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1 vehicle while the motor vehicle is operated or used by an individual who is excluded from  
2 coverage under § 27-XXX of this article.

3 (g) The limit of liability for an insurer that provides uninsured motorist coverage  
4 under this section is the amount of that coverage less the amount paid to the insured, that  
5 exhausts any applicable liability insurance policies, bonds, and securities, on behalf of any  
6 person that may be held liable for the bodily injuries or death of the insured.

7 (h) (1) A policy that, as its primary purpose, provides coverage in excess of  
8 other valid and collectible insurance or qualified self-insurance may include the  
9 uninsured motorist coverage provided for in this section.

10 (2) The uninsured motorist coverage required by this section is primary to  
11 any right to recovery from the Maryland Automobile Insurance Fund under Title 20,  
12 Subtitle 6 of this article.

13 (i) An endorsement or provision that protects the insured against damages  
14 caused by an uninsured motor vehicle that is contained in a policy issued and delivered in  
15 the State is deemed to cover damages caused by a motor vehicle insured by a liability  
16 insurer that is insolvent or otherwise unable to pay claims to the same extent and in the  
17 same manner as if the damages were caused by an uninsured motor vehicle.

18 (j) [A provision in a motor vehicle liability insurance policy issued after July 1,  
19 1975, about coverage for damages sustained by the insured as a result of the operation of  
20 an uninsured motor vehicle that requires a dispute between the insured and the insurer to  
21 be submitted to binding arbitration is prohibited and is of no legal effect.]  
22 NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, A MOTOR VEHICLE  
23 LIABILITY INSURANCE POLICY THAT CONTAINS THE UNINSURED MOTORIST  
24 COVERAGE REQUIRED BY THIS SECTION MAY PROVIDE THAT A DISPUTE BETWEEN  
25 THE INSURED AND THE INSURER ABOUT COVERAGE FOR DAMAGES MAY BE  
26 SUBMITTED TO ARBITRATION AT THE REQUEST OF THE INSURED.

27 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 October 1, 1997.