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By: **Delegate Burns**

Introduced and read first time: February 26, 2003

Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, March 30, 2003

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 31, 2003

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CHAPTER 472

1 AN ACT concerning

2 **Private Passenger Motor Vehicle Insurance - Underwriting Standards -**  
3 **Statistical Validation**

4 FOR the purpose of ~~expanding~~ clarifying a certain provision of law relating to  
5 underwriting standards for private passenger motor vehicle insurance;  
6 providing that underwriting standards that are reasonably related to an  
7 insurer's economic and business purposes and do not require statistical  
8 validation include a conviction of the named insured or a covered driver under a  
9 private passenger motor vehicle insurance policy of a violation of certain  
10 prohibitions against driving or attempting to drive while under the influence of  
11 alcohol or alcohol per se, or while impaired by ~~alcohol~~, drugs, drugs and alcohol,  
12 or certain controlled dangerous substances; and generally relating to  
13 underwriting standards for private passenger motor vehicle insurance.

14 BY repealing and reenacting, without amendments,  
15 Article - Insurance  
16 Section 27-501(a)(2)  
17 Annotated Code of Maryland  
18 (2002 Replacement Volume and 2002 Supplement)

19 BY repealing and reenacting, with amendments,  
20 Article - Insurance  
21 Section 27-501(l)(1)  
22 Annotated Code of Maryland  
23 (2002 Replacement Volume and 2002 Supplement)

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

3 **Article - Insurance**

4 27-501.

5 (a) (2) Except as provided in this section, an insurer or insurance producer  
6 may not cancel or refuse to underwrite or renew a particular insurance risk or class of  
7 risk except by the application of standards that are reasonably related to the insurer's  
8 economic and business purposes.

9 (1) (1) In the case of private passenger motor vehicle insurance, standards  
10 reasonably related to the insurer's economic and business purposes under subsection  
11 (a)(2) of this section include, but are not limited to, the following and do not require  
12 statistical validation:

13 (i) a material misrepresentation in connection with the  
14 application, policy, or presentation of a claim;

15 (ii) nonpayment of premium;

16 (iii) subject to § 27-606 of this title, revocation or suspension of the  
17 driver's license or motor vehicle registration within the preceding 2-year period:

18 1. of the named insured or covered driver under the policy;  
19 and

20 2. for reasons related to the driving record of the driver;

21 (iv) subject to § 27-606 of this title, two or more motor vehicle  
22 accidents or any combination of three or more accidents and moving violations within  
23 the preceding 3-year period for which the insured was at fault for the accidents;

24 (v) subject to § 27-606 of this title, three or more moving violations  
25 against the insured or a covered driver under the policy within the preceding 2-year  
26 period;

27 (vi) subject to § 27-606 of this title, conviction of the named insured  
28 or a covered driver under the policy of any of the following:

29 1. [driving while intoxicated or impaired by drugs] A  
30 VIOLATION OF § 21-902(A), (C), OR (D) OF THE TRANSPORTATION ARTICLE;

31 2. homicide, assault, reckless endangerment, or criminal  
32 negligence arising out of the operation of the motor vehicle; or

33 3. using the motor vehicle to participate in a felony;

1                   (vii) any other standard approved by the Commissioner that is based  
2 on factors that adversely affect the losses or expenses of the insurer under its  
3 approved rating plan and for which statistical validation is unavailable or is unduly  
4 burdensome to produce; and

5                   (viii) any other standard set forth in regulations adopted by the  
6 Commissioner that is found to be reasonably related to the insurer's economic and  
7 business purposes.

8       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
9 June 1, 2003.