
By: **Delegate Jennings**

Introduced and read first time: February 11, 2005

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Private Passenger Motor Vehicle Insurance - Underwriting Standards -**
3 **Active Duty Military Personnel Returning from Overseas**

4 FOR the purpose of prohibiting an insurer from denying, refusing to renew, or
5 cancelling coverage or increasing rates with respect to private passenger motor
6 vehicle insurance for certain military personnel because they fail to meet
7 underwriting standards that require continuous coverage; clarifying the
8 applicability of certain standards related to an insurer's economic and business
9 purposes; and generally relating to underwriting standards for private
10 passenger motor vehicle insurance.

11 BY repealing and reenacting, without amendments,
12 Article - Insurance
13 Section 27-501(a)
14 Annotated Code of Maryland
15 (2002 Replacement Volume and 2004 Supplement)
16 (As enacted by Chapter 5 of the Acts of the General Assembly of the 2004 Special
17 Session)

18 BY repealing and reenacting, with amendments,
19 Article - Insurance
20 Section 27-501(1)(1)
21 Annotated Code of Maryland
22 (2002 Replacement Volume and 2004 Supplement)

23 BY adding to
24 Article - Insurance
25 Section 27-501(o)
26 Annotated Code of Maryland
27 (2002 Replacement Volume and 2004 Supplement)

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

1

Article - Insurance

2 27-501.

3 (a) (1) An insurer or insurance producer may not cancel or refuse to
4 underwrite or renew a particular insurance risk or class of risk for a reason based
5 wholly or partly on race, color, creed, sex, or blindness of an applicant or policyholder
6 or for any arbitrary, capricious, or unfairly discriminatory reason.

7 (2) (i) This paragraph does not apply to a medical professional liability
8 insurer or insurance producer that issues or delivers a policy in the State to a health
9 care provider who has been licensed for more than 3 years by the appropriate State
10 licensing board for the health care provider.

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

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

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

21 (ii) nonpayment of premium;

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

24 1. of the named insured or covered driver under the policy;
25 and

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

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

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

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

35 1. a violation of § 21-902(a), (c), or (d) of the Transportation
36 Article;

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

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

4 (vii) SUBJECT TO SUBSECTION (O) OF THIS SECTION, any other
 5 standard approved by the Commissioner that is based on factors that adversely affect
 6 the losses or expenses of the insurer under its approved rating plan and for which
 7 statistical validation is unavailable or is unduly burdensome to produce; and

8 (viii) SUBJECT TO SUBSECTION (O) OF THIS SECTION, any other
 9 standard set forth in regulations adopted by the Commissioner that is found to be
 10 reasonably related to the insurer's economic and business purposes.

11 (O) WITH RESPECT TO PRIVATE PASSENGER MOTOR VEHICLE INSURANCE, AN
 12 INSURER MAY NOT DENY, REFUSE TO RENEW, OR CANCEL COVERAGE OR INCREASE
 13 RATES FOR APPLICANTS OR POLICYHOLDERS WHO ARE MILITARY PERSONNEL
 14 RETURNING FROM ACTIVE DUTY OVERSEAS SOLELY BECAUSE THEY FAIL TO MEET
 15 UNDERWRITING STANDARDS THAT REQUIRE CONTINUOUS COVERAGE.

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 17 October 1, 2005.