

HOUSE BILL 1117

C4

3lr2475

By: **Delegate Donoghue**

Introduced and read first time: February 8, 2013

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Liability Insurance – Mandatory Coverage – Medical and**
3 **Hospital Benefits**

4 FOR the purpose of requiring each insurer that provides motor vehicle liability
5 insurance in the State to provide certain medical and hospital benefits to
6 certain individuals under certain circumstances; establishing the minimum
7 amount of certain coverage and the qualifying expenses that may be claimed
8 under the coverage; authorizing the exclusion of certain benefits from coverage
9 for certain individuals under certain circumstances; providing for certain
10 coordination of benefits of certain coverage with certain other motor vehicle
11 liability insurance; prohibiting certain surcharges and retiering of certain
12 coverage under certain circumstances; providing for the payment of certain
13 benefits in a certain manner; requiring an insurer to provide certain notice
14 under certain circumstances; providing for certain interest on certain overdue
15 payments; and generally relating to motor vehicle liability insurance.

16 BY adding to

17 Article – Insurance

18 Section 19–505.1

19 Annotated Code of Maryland

20 (2011 Replacement Volume and 2012 Supplement)

21 BY repealing and reenacting, with amendments,

22 Article – Insurance

23 Section 19–507 and 19–508

24 Annotated Code of Maryland

25 (2011 Replacement Volume and 2012 Supplement)

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

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1

Article – Insurance2 **19-505.1.**

3 **(A) EACH INSURER THAT ISSUES, SELLS, OR DELIVERS A MOTOR**
4 **VEHICLE LIABILITY INSURANCE POLICY IN THE STATE SHALL PROVIDE**
5 **COVERAGE FOR THE MEDICAL AND HOSPITAL BENEFITS DESCRIBED IN THIS**
6 **SECTION FOR EACH OF THE FOLLOWING INDIVIDUALS:**

7 **(1) THE FIRST NAMED INSURED, AND ANY FAMILY MEMBER OF**
8 **THE FIRST NAMED INSURED WHO RESIDES IN THE HOUSEHOLD OF THE FIRST**
9 **NAMED INSURED, WHO IS INJURED IN A MOTOR VEHICLE ACCIDENT, INCLUDING**
10 **AN ACCIDENT THAT INVOLVES AN UNINSURED MOTOR VEHICLE OR A MOTOR**
11 **VEHICLE THE IDENTITY OF WHICH CANNOT BE ASCERTAINED;**

12 **(2) ANY OTHER INDIVIDUAL WHO IS INJURED IN A MOTOR**
13 **VEHICLE ACCIDENT WHILE USING THE INSURED MOTOR VEHICLE WITH THE**
14 **EXPRESS OR IMPLIED PERMISSION OF THE NAMED INSURED; AND**

15 **(3) AN INDIVIDUAL WHO IS INJURED IN A MOTOR VEHICLE**
16 **ACCIDENT WHILE OCCUPYING THE INSURED MOTOR VEHICLE AS A GUEST OR**
17 **PASSENGER.**

18 **(B) THE MINIMUM MEDICAL AND HOSPITAL BENEFITS PROVIDED BY AN**
19 **INSURER UNDER THIS SECTION SHALL INCLUDE UP TO \$1,000 FOR PAYMENT OF**
20 **ALL REASONABLE AND NECESSARY EXPENSES THAT ARISE FROM A MOTOR**
21 **VEHICLE ACCIDENT AND THAT ARE INCURRED WITHIN 3 YEARS AFTER THE**
22 **ACCIDENT FOR NECESSARY PROSTHETIC DEVICES AND AMBULANCE, DENTAL,**
23 **HOSPITAL, MEDICAL, PROFESSIONAL NURSING, SURGICAL, AND X-RAY**
24 **SERVICES.**

25 **(C) AN INSURER MAY EXCLUDE FROM THE COVERAGE UNDER THIS**
26 **SECTION BENEFITS FOR:**

27 **(1) AN INDIVIDUAL, OTHERWISE INSURED UNDER THE POLICY,**
28 **WHO:**

29 **(I) INTENTIONALLY CAUSES THE MOTOR VEHICLE**
30 **ACCIDENT THAT RESULTS IN THE INJURY FOR WHICH BENEFITS ARE CLAIMED;**

31 **(II) IS INJURED IN A MOTOR VEHICLE ACCIDENT WHILE**
32 **OPERATING OR VOLUNTARILY RIDING IN A MOTOR VEHICLE THAT THE**
33 **INDIVIDUAL KNOWS IS STOLEN; OR**

1 (III) IS INJURED IN A MOTOR VEHICLE ACCIDENT WHILE
2 COMMITTING A FELONY OR WHILE VIOLATING § 21-904 OF THE
3 TRANSPORTATION ARTICLE; OR

4 (2) THE NAMED INSURED OR A FAMILY MEMBER OF THE NAMED
5 INSURED WHO RESIDES IN THE HOUSEHOLD OF THE NAMED INSURED FOR AN
6 INJURY THAT OCCURS WHILE THE NAMED INSURED OR FAMILY MEMBER IS
7 OCCUPYING AN UNINSURED MOTOR VEHICLE THAT IS OWNED BY:

8 (I) THE NAMED INSURED; OR

9 (II) AN IMMEDIATE FAMILY MEMBER OF THE NAMED
10 INSURED WHO RESIDES IN THE HOUSEHOLD OF THE NAMED INSURED.

11 19-507.

12 (a) The benefits described in § 19-505 OR § 19-505.1 of this subtitle shall be
13 payable without regard to:

14 (1) the fault or nonfault of the named insured or the recipient of
15 benefits in causing or contributing to the motor vehicle accident; and

16 (2) any collateral source of medical, hospital, or wage continuation
17 benefits.

18 (b) (1) Subject to paragraph (2) of this subsection, if the insured has both
19 coverage for the benefits described in § 19-505 OR § 19-505.1 of this subtitle and a
20 collateral source of medical, hospital, or wage continuation benefits, the insurer or
21 insurers may coordinate the policies to provide for nonduplication of benefits, subject
22 to appropriate reductions in premiums for one or both of the policies approved by the
23 Commissioner.

24 (2) The named insured may:

25 (i) elect to coordinate the policies by indicating in writing which
26 policy is to be the primary policy; or

27 (ii) reject the coordination of policies and nonduplication of
28 benefits.

29 (c) An insurer that issues a policy that contains the coverage described in §
30 19-505 OR § 19-505.1 of this subtitle may not impose a surcharge or retier the policy
31 for a claim or payment made under that coverage and, at the time the policy is issued,

1 shall notify the policyholder in writing that a surcharge may not be imposed and the
2 policy may not be retired for a claim or payment made under that coverage.

3 (d) An insurer that provides the benefits described in § 19-505 OR §
4 **19-505.1** of this subtitle does not have a right of subrogation and does not have a
5 claim against any other person or insurer to recover any benefits paid because of the
6 alleged fault of the other person in causing or contributing to a motor vehicle accident.

7 19-508.

8 (a) (1) Subject to paragraphs (2) and (3) of this subsection, an insurer
9 shall make all payments of the benefits described in § 19-505 OR § **19-505.1** of this
10 subtitle periodically as claims for the benefits arise and within 30 days after the
11 insurer receives satisfactory proof of claim.

12 (2) A policy that contains the coverage described in § 19-505 OR §
13 **19-505.1** of this subtitle may:

14 (i) set a period of not less than 12 months after the date of the
15 motor vehicle accident within which the original claim for benefits must be filed with
16 the insurer; and

17 (ii) provide that if, after a lapse in the period of total disability
18 or in the medical treatment of an injured individual who has received benefits under
19 that coverage, the individual claims additional benefits based on an alleged recurrence
20 of the injury for which the original claim for benefits was made, the insurer may
21 require reasonable medical proof of the alleged recurrence.

22 (3) The aggregate benefits payable to an individual under this
23 subsection may not exceed the maximum limits stated in the policy.

24 (b) (1) When an insurer that provides the benefits described in § 19-505
25 OR § **19-505.1** of this subtitle receives written notice from an insured of the
26 occurrence of a motor vehicle accident for which benefits may be available under §
27 19-505 OR § **19-505.1** of this subtitle, the insurer shall notify the insured by mail of
28 the latest date on which a claim may be filed for benefits under § 19-505 OR §
29 **19-505.1** of this subtitle as provided in subsection (a)(2)(i) of this section.

30 (2) An insurer is not required under paragraph (1) of this subsection to
31 send any notice to the insured as to any first party claim for benefits other than the
32 benefits under § 19-505 OR § **19-505.1** of this subtitle.

33 (c) Payments of benefits that are not made in accordance with this section
34 and that are overdue shall bear simple interest at the rate of 1.5% per month.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2013.