HOUSE BILL 501

By: Delegate Chang
Introduced and read first time: February 1, 2016
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: February 24, 2016

CHAPTER ______

AN ACT concerning

Motor Vehicle Insurance – Volunteer Drivers

FOR the purpose of prohibiting certain insurers that issue, sell, or deliver policies of motor vehicle liability insurance in the State from canceling the policy of a named insured or refusing to issue a policy to a certain applicant solely because the named insured or applicant is a volunteer driver; prohibiting certain insurers from imposing a certain charge or rate increase solely because a certain driver under the policy is a volunteer driver; providing that this Act does not prohibit certain insurers from canceling, refusing to renew, or imposing certain charges or rate increases on a policy under certain circumstances; defining “volunteer driver”; providing for the application of this Act; and generally relating to motor vehicle liability insurance.

BY adding to
Article – Insurance
Section 19–518
Annotated Code of Maryland
(2011 Replacement Volume and 2015 Supplement)

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

Article – Insurance

19–518.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.
Underlining indicates amendments to bill.
Strike-out indicates matter stricken from the bill by amendment or deleted from the law by amendment.
A) In this section, “volunteer driver” means an individual who provides driving services, including transportation of individuals or goods, without compensation other than for expenses to:

1. A charitable organization, as defined in § 6–101 of the Business Regulation Article, in the state; or

2. A not-for-profit organization in the state that is exempt from taxation under § 501(c)(3), (4), or (6) of the Internal Revenue Code in the state.

B) An insurer that issues, sells, or delivers a motor vehicle liability insurance policy in the state may not:

1. Cancel the policy of a named insured or refuse to issue the policy to an applicant solely because the named insured or applicant is a volunteer driver; or

2. Impose a surcharge on or otherwise increase the rate for the policy solely because the named insured or applicant, a member of the named insured’s or applicant’s household, or an individual who customarily operates the named insured’s or applicant’s motor vehicle is a volunteer driver.

C) This section does not prohibit an insurer from canceling, refusing to renew, imposing a surcharge on, or otherwise increasing the rate for a motor vehicle liability insurance policy based on factors other than the status of a driver under the policy as a volunteer driver.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be construed to apply to every policy of motor vehicle liability insurance issued, sold, delivered, or renewed in the state on or after January 1, 2017.

SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2016.