

Chapter 63

(Senate Bill 125)

AN ACT concerning

Private Passenger Motor Vehicle Insurance – Prohibition on Cancellation Due to Towing or Emergency Roadside Coverage Claims

FOR the purpose of prohibiting an insurer from canceling, refusing to renew, or otherwise terminating coverage for a private passenger motor vehicle insurance policy based on claims made under the policy’s towing or emergency roadside coverage; authorizing an insurer to remove towing or emergency roadside service coverage from a certain policy at renewal based on certain claims; authorizing an insurer to increase a premium of a private passenger motor vehicle insurance policy as a result of certain claims; and generally relating to private passenger motor vehicle insurance and roadside coverage.

BY repealing and reenacting, with amendments,
Article – Insurance
Section 27–501(d)
Annotated Code of Maryland
(2017 Replacement Volume and 2019 Supplement)

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

Article – Insurance

27–501.

(d) (1) **(I)** With respect to automobile liability insurance, an insurer may not:

[(i)] 1. cancel, refuse to renew, or otherwise terminate coverage for an automobile insurance risk because of a claim, traffic violation, or traffic accident that occurred more than 3 years before the effective date of the policy or renewal; **[or]**

[(ii)] 2. refuse to underwrite an automobile insurance risk because of a claim, traffic violation, or traffic accident that occurred more than 3 years before the date of application; **OR**

3. SUBJECT TO SUBPARAGRAPH (II) OF THIS PARAGRAPH, CANCEL, REFUSE TO RENEW, OR OTHERWISE TERMINATE COVERAGE FOR A PRIVATE PASSENGER MOTOR VEHICLE INSURANCE POLICY BECAUSE OF A CLAIM UNDER THE TOWING OR EMERGENCY ROADSIDE SERVICE COVERAGE IN THE

POLICY.**(II) AN INSURER MAY:**

1. REMOVE THE TOWING OR EMERGENCY ROADSIDE SERVICE COVERAGE AT RENEWAL FROM A PRIVATE PASSENGER MOTOR VEHICLE INSURANCE POLICY BASED ON THE NUMBER OF CLAIMS MADE UNDER THE TOWING OR EMERGENCY ROADSIDE SERVICE COVERAGE IN A MANNER THAT COMPLIES WITH § 27-613 OF THIS TITLE; AND

2. INCREASE THE PREMIUM OF THE PRIVATE PASSENGER MOTOR VEHICLE INSURANCE POLICY AS A RESULT OF A TOWING OR EMERGENCY ROADSIDE SERVICE CLAIM IN ACCORDANCE WITH ITS FILED RATES IN A MANNER THAT COMPLIES WITH § 11-317 OF THIS ARTICLE AND § 27-614 OF THIS TITLE.

(2) With respect to homeowner's insurance, an insurer may not:

(i) cancel, refuse to renew, or otherwise terminate coverage for a homeowner's insurance risk because of a claim that occurred more than 3 years before the effective date of the policy or renewal; or

(ii) refuse to underwrite a homeowner's insurance risk because of a claim that occurred more than 3 years before the date of application.

(3) An insurer may cancel a policy of homeowner's insurance under which a onetime guaranteed fully refundable deposit is required for a stated amount of coverage, if the cancellation:

(i) takes effect on the anniversary date of the inception of the policy;

(ii) is not based on a claim that occurred more than 3 years before the anniversary date of the policy on which the proposed cancellation would take effect; and

(iii) is otherwise in accordance with this subtitle.

(4) This subsection does not apply to a claim involving conviction of the insured or applicant for fraud or arson.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2020.

Enacted under Article II, § 17(c) of the Maryland Constitution, May 8, 2020.