
By: Delegates Goldwater, Harrison, Kach, Barve, and Love

Introduced and read first time: January 18, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Liability Insurance - Nonrenewal and Cancellation - Prior Notice**

3 FOR the purpose of requiring an insurer prior to issuing a notice of nonrenewal or
4 cancellation to provide a certain written notice to an insured whenever an event
5 occurs that may affect the future motor vehicle liability insurance coverage of the
6 insured because of the failure of the insured to continue to meet the underwriting
7 standards of the insurer; providing that this Act may not be construed to create a
8 certain cause of action or a certain defense to a certain cause of action; and
9 generally relating to requiring insurers to provide a certain notice to insureds upon
10 the occurrence of a certain event that may affect the future motor vehicle liability
11 insurance coverage of an insured.

12 BY adding to

13 Article 48A - Insurance Code
14 Section 240M
15 Annotated Code of Maryland
16 (1994 Replacement Volume and 1995 Supplement)

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

19 **Article 48A - Insurance Code**

20 240M.

21 (A) PRIOR TO THE ISSUANCE OF A NOTICE OF NONRENEWAL OR
22 CANCELLATION OF A MOTOR VEHICLE LIABILITY POLICY UNDER § 240AA OF THIS
23 SUBTITLE, WHENEVER AN EVENT OCCURS THAT MAY AFFECT THE FUTURE MOTOR
24 VEHICLE LIABILITY INSURANCE COVERAGE OF AN INSURED BECAUSE OF THE
25 FAILURE OF THE INSURED TO CONTINUE TO MEET AN INSURER'S UNDERWRITING
26 STANDARDS, THE INSURER SHALL SEND A NOTICE TO THE INSURED BY CERTIFIED
27 MAIL OR REGISTERED MAIL WITH RETURN RECEIPT REQUESTED STATING THAT,
28 DUE TO THE OCCURRENCE OF THE EVENT, THE MOTOR VEHICLE LIABILITY POLICY
29 OF THE INSURED MAY BE NONRENEWED OR CANCELED.

30 (B) THIS SECTION MAY NOT BE CONSTRUED TO CREATE:

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1 (1) A CAUSE OF ACTION FOR ANY PERSON AGAINST AN INSURER BASED
2 ON THE INSURER'S FAILURE TO PROVIDE THE NOTICE REQUIRED UNDER THIS
3 SECTION; OR

4 (2) A DEFENSE FOR ANY PARTY AGAINST A CAUSE OF ACTION BASED
5 ON THE INSURER'S FAILURE TO PROVIDE THE NOTICE REQUIRED UNDER THIS
6 SECTION.

7 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
8 October 1, 1996.