

HOUSE BILL 708

Unofficial Copy  
C4  
HB 560/96 - ECM

1998 Regular Session  
8r1671

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By: **Delegate Workman**

Introduced and read first time: February 11, 1998

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Insurance - Rate Reduction - Defensive Driving Course**

3 FOR the purpose of requiring insurers to provide a reduction in rates for motor  
4 vehicle personal injury, property damage, and collision coverage to an insured  
5 older than a certain age who successfully completes certain defensive driving  
6 courses; specifying the requirements for claiming a rate reduction; authorizing  
7 an insurer not to provide a rate reduction under certain circumstances; limiting  
8 the effect of the rate reduction to a certain period of time; establishing certain  
9 conditions for renewal of the rate reduction; authorizing the insurer to cancel  
10 the rate reduction under certain circumstances; and generally relating to rate  
11 reductions for motor vehicle insurance.

12 BY repealing and reenacting, with amendments,  
13 Article - Insurance  
14 Section 11-215(g) and 11-318(g)  
15 Annotated Code of Maryland  
16 (1997 Volume)

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

19 **Article - Insurance**

20 11-215.

21 (g) (1) [For] EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, FOR  
22 motor vehicle personal injury [and], property damage, AND COLLISION coverage, an  
23 insurer [may] SHALL provide a reduction in rates [based on actuarial justification]  
24 to an insured who:

25 [(1)] (I) is at least 55 years old; [and

26 (2)] (II) [within the last 2 years,] has completed successfully:

27 1. THE NATIONAL SAFETY COUNCIL'S DEFENSIVE DRIVING  
28 COURSE; OR



1 (II) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, AN INSURER  
 2 IS REQUIRED TO RENEW THE RATE REDUCTION ONLY IF THE INSURED  
 3 SUCCESSFULLY COMPLETES ANOTHER DEFENSIVE DRIVING COURSE NO MORE  
 4 THAN 6 MONTHS BEFORE THE END OF THE RATE REDUCTION PERIOD THEN IN  
 5 EFFECT.

6 (III) AN INSURER MAY CANCEL A RATE REDUCTION ONLY IF:

7 1. THE INSURED IS INVOLVED IN AN ACCIDENT FOR WHICH  
 8 THE INSURED IS AT FAULT;

9 2. THE INSURED IS CONVICTED OF, OR PLEADS GUILTY OR  
 10 NOLO CONTENDERE TO, A MOVING VIOLATION; OR

11 3. THE MOTOR VEHICLE ADMINISTRATION REVOKES OR  
 12 SUSPENDS THE DRIVER'S LICENSE OF THE INSURED.

13 (5) NOTHING IN THIS SUBSECTION REQUIRES AN INSURER TO PROVIDE  
 14 AN ADDITIONAL RATE REDUCTION FOR A SECOND OR SUBSEQUENT DEFENSIVE  
 15 DRIVING COURSE SUCCESSFULLY COMPLETED BY THE INSURED DURING THE  
 16 PERIOD FOR WHICH THE RATE REDUCTION IS IN EFFECT.

17 11-318.

18 (g) (1) [For] EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION, FOR  
 19 motor vehicle personal injury [and], property damage, AND COLLISION coverage, an  
 20 insurer [may] SHALL provide a reduction in rates [based on actuarial justification]  
 21 to an insured who:

22 [(1)] (I) is at least 55 years old; [and

23 (2)] (II) [within the last 2 years,] has completed successfully:

24 1. THE NATIONAL SAFETY COUNCIL'S DEFENSIVE DRIVING  
 25 COURSE; OR

26 2. a course in accident prevention THAT MEETS OR EXCEEDS  
 27 THE NATIONAL SAFETY COUNCIL'S DEFENSIVE DRIVING COURSE'S 8-HOUR  
 28 CLASSROOM SAFETY PROGRAM AND[

29 (i) that] is approved by the Motor Vehicle Administration[;

30 (ii) that includes classroom instruction or practice driving of the  
 31 number of hours that the Motor Vehicle Administration requires]; and

32 (iii) [for which the insured] has received a certificate that certifies  
 33 the completion of [the] A course UNDER THIS PARAGRAPH.

34 (2) AN INSURED CLAIMING ELIGIBILITY FOR A RATE REDUCTION UNDER  
 35 THIS SUBSECTION SHALL PROVIDE TO THE INSURER THE INFORMATION NECESSARY  
 36 TO DETERMINE ELIGIBILITY.

1 (3) AN INSURER IS NOT REQUIRED TO PROVIDE A RATE REDUCTION  
2 UNDER THIS SUBSECTION:

3 (I) FOR A MOTOR VEHICLE THAT IS PART OF A FLEET OR IS USED  
4 FOR COMMERCIAL PURPOSES UNLESS THERE IS A REGULARLY ASSIGNED PRINCIPAL  
5 OPERATOR WHO IS OTHERWISE ELIGIBLE FOR THE RATE REDUCTION;

6 (II) FOR A MOTOR VEHICLE SUBJECT TO A HIGHER PREMIUM RATE  
7 BECAUSE OF THE PREVIOUS MOTOR VEHICLE CLAIM EXPERIENCE OF THE INSURED;

8 (III) FOR A MOTOR VEHICLE WHOSE PRINCIPAL OPERATOR HAS  
9 BEEN CONVICTED OF A MOVING VIOLATION WITHIN 1 YEAR BEFORE THE INSURED  
10 CLAIMS ELIGIBILITY FOR A RATE REDUCTION UNDER THIS SUBSECTION;

11 (IV) FOR A MOTOR VEHICLE WHOSE PRINCIPAL OPERATOR'S  
12 DRIVER'S LICENSE HAS BEEN REVOKED OR SUSPENDED BY THE MOTOR VEHICLE  
13 ADMINISTRATION WITHIN THE 36-MONTH PERIOD BEFORE THE INSURED CLAIMS  
14 ELIGIBILITY FOR A RATE REDUCTION UNDER THIS SUBSECTION;

15 (V) FOR AN INSURED UNDER A POLICY OF GROUP AUTOMOBILE  
16 INSURANCE FOR WHICH PREMIUMS ARE BROADLY AVERAGED FOR THE GROUP  
17 RATHER THAN DETERMINED INDIVIDUALLY;

18 (VI) IF THE INSURED COMPLETED THE DEFENSIVE DRIVING  
19 COURSE UNDER A COURT ORDER RESULTING FROM A MOVING VIOLATION; OR

20 (VII) IF THE RATE REDUCTION REQUIRED UNDER THIS SUBSECTION  
21 DUPLICATES A SIMILAR RATE REDUCTION OFFERED BY THE INSURER.

22 (4) (I) A RATE REDUCTION PROVIDED UNDER THIS SUBSECTION  
23 SHALL BE IN EFFECT FOR 3 YEARS AFTER SUCCESSFUL COMPLETION OF THE  
24 COURSE UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION.

25 (II) SUBJECT TO PARAGRAPH (5) OF THIS SUBSECTION, AN INSURER  
26 IS REQUIRED TO RENEW THE RATE REDUCTION ONLY IF THE INSURED  
27 SUCCESSFULLY COMPLETES ANOTHER DEFENSIVE DRIVING COURSE NO MORE  
28 THAN 6 MONTHS BEFORE THE END OF THE RATE REDUCTION PERIOD THEN IN  
29 EFFECT.

30 (III) AN INSURER MAY CANCEL A RATE REDUCTION ONLY IF:

31 1. THE INSURED IS INVOLVED IN AN ACCIDENT FOR WHICH  
32 THE INSURED IS AT FAULT;

33 2. THE INSURED IS CONVICTED OF, OR PLEADS GUILTY OR  
34 NOLO CONTENDERE TO, A MOVING VIOLATION; OR

35 3. THE MOTOR VEHICLE ADMINISTRATION REVOKES OR  
36 SUSPENDS THE DRIVER'S LICENSE OF THE INSURED.

1           (5)       NOTHING IN THIS SUBSECTION REQUIRES AN INSURER TO PROVIDE  
2 AN ADDITIONAL RATE REDUCTION FOR A SECOND OR SUBSEQUENT DEFENSIVE  
3 DRIVING COURSE SUCCESSFULLY COMPLETED BY THE INSURED DURING THE  
4 PERIOD FOR WHICH THE RATE REDUCTION IS IN EFFECT.

5       SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 October 1, 1998.