
By: **Delegate Dembrow**

Introduced and read first time: February 13, 1998

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Named Operator Motor Vehicle Liability Insurance**

3 FOR the purpose of authorizing persons to obtain an operator's policy of motor vehicle
4 liability insurance that meets certain requirements instead of a motor vehicle
5 liability insurance policy with certain minimum liability coverage; providing
6 that an operator's policy must state certain limits of liability under the policy;
7 providing that an operator's policy may not be delivered or issued for delivery in
8 the State unless the insured has signed a certain endorsement; prohibiting an
9 owner of a motor vehicle who holds an operator's policy from permitting another
10 person to operate the motor vehicle under certain circumstances; providing that
11 an operator's policy may not provide coverage for damages incurred while a
12 person other than the named insured is operating a motor vehicle; requiring the
13 policy to provide coverage for liability incurred by the insured while a motor
14 vehicle owned by the insured is not being operated by any person; requiring the
15 Motor Vehicle Administration to accept an operator's motor vehicle liability
16 insurance policy for certain purposes; and generally relating to policies of named
17 operator motor vehicle liability insurance.

18 BY repealing and reenacting, with amendments,
19 Article - Insurance
20 Section 19-504
21 Annotated Code of Maryland
22 (1997 Volume)

23 BY repealing and reenacting, with amendments,
24 Article - Transportation
25 Section 17-103
26 Annotated Code of Maryland
27 (1992 Replacement Volume and 1997 Supplement)

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

1

Article - Insurance

2 19-504.

3 (A) [Each] SUBJECT TO SUBSECTION (B) OF THIS SECTION, EACH motor
4 vehicle liability insurance policy issued, sold, or delivered in the State shall provide
5 the minimum liability coverage specified in Title 17 of the Transportation Article.

6 (B) (1) A PERSON MAY SATISFY THE REQUIREMENTS OF SUBSECTION (A) OF
7 THIS SECTION BY OBTAINING AN OPERATOR'S POLICY OF MOTOR VEHICLE LIABILITY
8 INSURANCE THAT MEETS THE REQUIREMENTS OF THIS SUBSECTION.

9 (2) AN OPERATOR'S POLICY OF MOTOR VEHICLE LIABILITY INSURANCE
10 MUST STATE THAT:

11 (I) THE INSURER IS ONLY LIABLE UNDER THE POLICY FOR
12 LIABILITY INCURRED BY THE INSURED WHILE THE NAMED INSURED IS THE
13 OPERATOR OF A MOTOR VEHICLE OR WHILE A MOTOR VEHICLE OWNED BY THE
14 INSURED IS NOT BEING OPERATED BY ANY PERSON;

15 (II) THE POLICY DOES NOT PROVIDE COVERAGE FOR ANY
16 VICARIOUS LIABILITY IMPOSED ON THE OWNER OF THE MOTOR VEHICLE AS A
17 RESULT OF THE OPERATION BY ANOTHER PERSON OF A MOTOR VEHICLE OWNED BY
18 THE INSURED OR FOR ANY OTHER VICARIOUS LIABILITY IMPOSED BY LAW; AND

19 (III) THE COVERAGE PROVIDED BY THE POLICY MAY NOT MEET THE
20 REQUIREMENTS OF THE FINANCIAL RESPONSIBILITY LAWS OF OTHER STATES,
21 UNLESS SUCH EXTENDED COVERAGE IS EXPRESSLY INCLUDED IN THE POLICY.

22 (3) AN OPERATOR'S POLICY OF MOTOR VEHICLE LIABILITY INSURANCE
23 MAY NOT BE DELIVERED OR ISSUED FOR DELIVERY IN THE STATE UNLESS THE
24 INSURED HAS SIGNED AN ENDORSEMENT STATING THAT THE INSURED HAS READ
25 AND UNDERSTANDS THE POLICY AND ITS LIMITATIONS.

26 (4) AN OWNER OF A MOTOR VEHICLE THAT IS REGISTERED OR
27 REQUIRED TO BE REGISTERED IN THE STATE AND WHO HOLDS AN OPERATOR'S
28 POLICY OF MOTOR VEHICLE LIABILITY INSURANCE MAY NOT PERMIT ANOTHER
29 PERSON TO OPERATE THE OWNER'S MOTOR VEHICLE IF THE OWNER KNOWS OR
30 SHOULD HAVE KNOWN THAT THE PERSON DOES NOT HAVE LIABILITY INSURANCE
31 TO COVER THE PERSON'S OPERATION OF THAT MOTOR VEHICLE.

32 (5) AN OPERATOR'S POLICY OF MOTOR VEHICLE LIABILITY INSURANCE
33 MAY NOT PROVIDE COVERAGE FOR DAMAGES INCURRED WHILE A PERSON OTHER
34 THAN THE NAMED INSURED IS OPERATING A MOTOR VEHICLE.

35 (6) AN OPERATOR'S POLICY OF MOTOR VEHICLE LIABILITY INSURANCE
36 SHALL PROVIDE COVERAGE FOR LIABILITY INCURRED BY THE INSURED WHILE A
37 MOTOR VEHICLE OWNED BY THE INSURED IS NOT BEING OPERATED BY ANY PERSON.

1 (7) (I) AN INSURER MAY ISSUE TO A HOLDER OF AN OPERATOR'S
2 POLICY OF MOTOR VEHICLE LIABILITY INSURANCE A POLICY THAT COVERS DAMAGE
3 TO ONE OR MORE OF THE OPERATOR'S VEHICLES.

4 (II) A POLICY DESCRIBED IN SUBPARAGRAPH (I) OF THIS
5 PARAGRAPH IS NOT REQUIRED TO PROVIDE LIABILITY INSURANCE OR UNINSURED
6 MOTORIST COVERAGE.

7 (8) THIS SUBSECTION DOES NOT APPLY TO:

8 (I) A LESSOR, DEALER, MANUFACTURER, REBUILDER, OR
9 DISTRIBUTOR OF A MOTOR VEHICLE;

10 (II) AN OWNER OF A FLEET;

11 (III) A COMMON, CONTRACT, OR PRIVATE MOTOR CARRIER; OR

12 (IV) ANY OTHER EMPLOYER WHO OWNS A MOTOR VEHICLE FOR USE
13 IN THE EMPLOYER'S BUSINESS.

14 **Article - Transportation**

15 17-103.

16 (a) (1) Except as provided in [paragraph (2)] PARAGRAPH (2) OR (3) of this
17 subsection, the form of security required under this subtitle is a vehicle liability
18 insurance policy written by an insurer authorized to write these policies in this State.

19 (2) The Administration may accept another form of security in place of a
20 vehicle liability insurance policy if it finds that the other form of security adequately
21 provides the benefits required by subsection (b) of this section.

22 (3) THE ADMINISTRATION SHALL ACCEPT AN OPERATOR'S POLICY OF
23 MOTOR VEHICLE LIABILITY INSURANCE DESCRIBED IN § 19-504(B) OF THE
24 INSURANCE ARTICLE TO PROVIDE THE BENEFITS REQUIRED BY SUBSECTION (B)(1)
25 AND (2) OF THIS SECTION.

26 [(3)] (4) The Administration shall, by regulation, assess each
27 self-insurer an annual sum which may not exceed \$750, and which shall be used for
28 actuarial studies and audits to determine financial solvency.

29 (b) The security required under this subtitle shall provide for at least:

30 (1) The payment of claims for bodily injury or death arising from an
31 accident of up to \$20,000 for any one person and up to \$40,000 for any two or more
32 persons, in addition to interest and costs;

33 (2) The payment of claims for property of others damaged or destroyed in
34 an accident of up to \$10,000, in addition to interest and costs;

1 (3) Unless waived, the benefits described under § 19-505 of the
2 Insurance Article as to basic required primary coverage; and

3 (4) The benefits required under § 19-509 of the Insurance Article as to
4 required additional coverage.

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