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By: **Senator Bromwell**

Introduced and read first time: February 6, 1998

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Automobile Insurance Fund - Residential Ineligibility of**  
3 **Insured - Policy Processing Fee**

4 FOR the purpose of authorizing the Maryland Automobile Insurance Fund to charge  
5 and collect a processing fee on policies that are void because the insured fails to  
6 meet certain residency requirements for eligibility; and generally relating to  
7 policies issued by the Maryland Automobile Insurance Fund.

8 BY repealing and reenacting, with amendments,  
9 Article - Insurance  
10 Section 20-502  
11 Annotated Code of Maryland  
12 (1997 Volume)

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

15 **Article - Insurance**

16 20-502.

17 (a) On payment of the premium set by the Fund, the Fund is authorized to  
18 and shall sell, issue, and deliver a policy that provides the security required under §  
19 17-103 of the Transportation Article to a person:

20 (1) that owns a covered vehicle registered with the Motor Vehicle  
21 Administration, has a license issued by the Motor Vehicle Administration to drive a  
22 covered vehicle, or is a lessee under a "lease not intended as security", as defined in §  
23 11-127.2(b) of the Transportation Article;

24 (2) that does not owe to the Fund:

25 (i) an unpaid premium with respect to a policy that has expired or  
26 been canceled; or

27 (ii) a claim payment obtained by fraud;

1 (3) that:

2 (i) has attempted in good faith to obtain a policy that provides the  
3 security required under § 17-103 of the Transportation Article from at least two  
4 Association members and has been rejected or refused the policy by two Association  
5 members for any reason other than nonpayment of premiums; or

6 (ii) has had a policy that provides the security required under §  
7 17-103 of the Transportation Article canceled or nonrenewed by an Association  
8 member for any reason other than nonpayment of premiums; and

9 (4) that meets the requirements of subsection (b) of this section.

10 (b) To be eligible for a policy issued under this subtitle, a person must:

11 (1) be domiciled in the State;

12 (2) own, lease, or rent a primary place of residence in the State and,  
13 regardless of the person's domicile, reside in the State for more than 1 year;

14 (3) maintain a main or branch office or warehouse facility in the State,  
15 and base and operate motor vehicles intrastate in the State;

16 (4) have filed as a State resident for income tax purposes; or

17 (5) have a nonresident permit issued under § 13-402.1(e) of the  
18 Transportation Article.

19 (c) (1) Except as provided in paragraph (2) of this subsection, this section  
20 does not apply to a person to the extent that the person:

21 (i) leases a covered vehicle that is a private passenger vehicle to an  
22 individual who does not meet the requirements of subsection (b) of this section; or

23 (ii) garages the covered vehicle principally outside of the State.

24 (2) This section applies to a person described in paragraph (1) of this  
25 subsection who is:

26 (i) a member, on active duty, of the armed forces of the United  
27 States or the United States Public Health Service; or

28 (ii) a student enrolled in an accredited school, college, or university  
29 or serving a medical internship.

30 (d) The eligibility of an applicant for insurance from the Fund shall be  
31 certified at a time and in a manner approved by the Fund.

32 (e) (1) If a prospective insured fails to qualify under this section, any policy  
33 issued is void and a commission may not be paid by the Fund to a producer.

1                   (2)       IF A PERSON FAILS TO MEET THE REQUIREMENTS OF SUBSECTION  
2 (B) OF THIS SECTION, THE FUND MAY CHARGE AND COLLECT A POLICY PROCESSING  
3 FEE TO COVER ITS EXPENSES.

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