
By: **Senator Bromwell**

Introduced and read first time: February 6, 1998

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

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CHAPTER _____

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

1 covered vehicle, or is a lessee under a "lease not intended as security", as defined in §
2 11-127.2(b) of the Transportation Article;

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

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

6 (ii) a claim payment obtained by fraud;

7 (3) that:

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

12 (ii) has had a policy that provides the security required under §
13 17-103 of the Transportation Article canceled or nonrenewed by an Association
14 member for any reason other than nonpayment of premiums; and

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

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

17 (1) be domiciled in the State;

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

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

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

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

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

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

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

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

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

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

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

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

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

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