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By: **Delegate Barve**  
Introduced and read first time: February 11, 2000  
Assigned to: Economic Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 22, 2000

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Motor Vehicle Insurance - Personal Injury Protection Claims**

3 FOR the purpose of ~~prohibiting certain insurers from denying or reducing a certain~~  
4 ~~claim except under certain circumstances; limiting what a certain insurer may~~  
5 ~~consider in making a certain determination~~ requiring insurers that provide  
6 certain personal injury protection benefits to include certain information in a  
7 notice of the reduction or denial of those benefits under certain circumstances;  
8 and generally relating to personal injury protection claims.

9 BY repealing and reenacting, with amendments,  
10 Article - Insurance  
11 Section ~~19-505~~ 19-508  
12 Annotated Code of Maryland  
13 (1997 Volume and 1999 Supplement)

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

16 **Article - Insurance**

17 19-508.

18 (a) (1) Subject to paragraphs (2) and (3) of this subsection, an insurer shall  
19 make all payments of the benefits described in § 19-505 of this subtitle periodically as  
20 claims for the benefits arise and within 30 days after the insurer receives satisfactory  
21 proof of claim.

1           (2)     A policy that contains the coverage described in § 19-505 of this  
2 subtitle may:

3                   (i)     set a period of not less than 12 months after the date of the  
4 motor vehicle accident within which the original claim for benefits must be filed with  
5 the insurer; and

6                   (ii)     provide that if, after a lapse in the period of total disability or in  
7 the medical treatment of an injured individual who has received benefits under that  
8 coverage, the individual claims additional benefits based on an alleged recurrence of  
9 the injury for which the original claim for benefits was made, the insurer may require  
10 reasonable medical proof of the alleged recurrence.

11           (3)     The aggregate benefits payable to an individual under this  
12 subsection may not exceed the maximum limits stated in the policy.

13   (b)   (1)     When an insurer that provides the benefits described in § 19-505 of  
14 this subtitle receives written notice from an insured of the occurrence of a motor  
15 vehicle accident for which benefits may be available under § 19-505 of this subtitle,  
16 the insurer shall notify the insured by mail of the latest date on which a claim may be  
17 filed for benefits under § 19-505 of this subtitle as provided in subsection (a)(2)(i) of  
18 this section.

19           (2)     An insurer is not required under paragraph (1) of this subsection to  
20 send any notice to the insured as to any first party claim for benefits other than the  
21 benefits under § 19-505 of this subtitle.

22   (c)   Payments of benefits that are not made in accordance with this section and  
23 that are overdue shall bear simple interest at the rate of 1.5% per month.

24   (D)   AN INSURER THAT REDUCES OR DENIES A CLAIM FOR THE BENEFITS  
25 DESCRIBED IN § 19-505 OF THIS SUBTITLE SHALL INCLUDE, IN THE NOTICE OF THE  
26 REDUCTION OR DENIAL, THE FOLLOWING INFORMATION:

27           (1)     THAT THE INSURED HAS A RIGHT TO FILE A COMPLAINT WITH THE  
28 ADMINISTRATION'S PROPERTY AND CASUALTY COMPLAINT UNIT IF THE INSURED  
29 DOES NOT AGREE WITH THE REDUCTION OR DENIAL OF BENEFITS; AND

30           (2)     THE ADDRESS, TELEPHONE NUMBER, AND FACSIMILE NUMBER OF  
31 THE PROPERTY AND CASUALTY COMPLAINT UNIT.

32 19-505.

33   (a)   ~~Unless waived in accordance with § 19-506 of this subtitle, each insurer~~  
34 ~~that issues, sells, or delivers a motor vehicle liability insurance policy in the State~~  
35 ~~shall provide coverage for the medical, hospital, and disability benefits described in~~  
36 ~~this section for each of the following individuals:~~

37           (1)     except for individuals specifically excluded under § 27-606 of this  
38 article:

1 (i) the first named insured, and any family member of the first  
 2 named insured who resides in the first named insured's household, who is injured in  
 3 any motor vehicle accident, including an accident that involves an uninsured motor  
 4 vehicle or a motor vehicle the identity of which cannot be ascertained; and

5 (ii) any other individual who is injured in a motor vehicle accident  
 6 while using the insured motor vehicle with the express or implied permission of the  
 7 named insured;

8 (2) an individual who is injured in a motor vehicle accident while  
 9 occupying the insured motor vehicle as a guest or passenger; and

10 (3) an individual who is injured in a motor vehicle accident that involves  
 11 the insured motor vehicle:

12 (i) as a pedestrian; or

13 (ii) while in, on, or alighting from a vehicle that is operated by  
 14 animal or muscular power.

15 (b) (1) In this subsection, "income" means:

16 (i) wages, salaries, tips, commissions, professional fees, and other  
 17 earnings from work or employment;

18 (ii) earnings from a business or farm owned individually, jointly, or  
 19 in partnership; and

20 (iii) to the extent earnings are paid or payable in property or  
 21 services instead of in cash, the reasonable value of the property or services.

22 (2) The minimum medical, hospital, and disability benefits provided by  
 23 an insurer under this section shall include up to \$2,500 for:

24 (i) payment of all reasonable and necessary expenses that arise  
 25 from a motor vehicle accident and that are incurred within 3 years after the accident  
 26 for necessary prosthetic devices and ambulance, dental, funeral, hospital, medical,  
 27 professional nursing, surgical, and x-ray services;

28 (ii) payment of benefits for 85% of income lost:

29 1. within 3 years after, and resulting from, a motor vehicle  
 30 accident; and

31 2. by an injured individual who was earning or producing  
 32 income when the accident occurred; and

33 (iii) payments made in reimbursement of reasonable and necessary  
 34 expenses incurred within 3 years after a motor vehicle accident for essential services  
 35 ordinarily performed for the care and maintenance of the family or family household

1 by an individual who was injured in the accident and not earning or producing income  
2 when the accident occurred.

3           (3)       As a condition of providing loss of income benefits under this  
4 subsection, an insurer may require the injured individual to furnish the insurer with  
5 reasonable medical proof of the injury causing loss of income.

6       (C)       (1)       ~~IN DETERMINING WHETHER A CLAIMANT'S MEDICAL, HOSPITAL,  
7 AND DISABILITY EXPENSES UNDER SUBSECTION (B) OF THIS SECTION ARE  
8 NECESSARY, AN INSURER MAY NOT DENY OR REDUCE A CLAIM UNLESS:~~

9                       (1)       ~~THE DETERMINATION TO DENY OR REDUCE THE CLAIM IS  
10 BASED ON THE FINDINGS OF A HEALTH CARE PROVIDER WHO HAS PERSONALLY  
11 EXAMINED THE CLAIMANT; AND~~

12                      (II)       ~~THE INSURER HAS PROCEDURES IN PLACE TO ALLOW FOR THE  
13 RESOLUTION OF ANY DISPUTE CONCERNING THE MEDICAL NECESSITY OR  
14 APPROPRIATENESS OF CARE RENDERED TO A CLAIMANT BY HEALTH CARE  
15 PROVIDERS THAT ARE INDEPENDENT OF THE CLAIMANT AND THE INSURER.~~

16                      (2)       ~~IN DETERMINING WHETHER NECESSARY MEDICAL, HOSPITAL, OR  
17 DISABILITY EXPENSES UNDER SUBSECTION (B) OF THIS SECTION ARE REASONABLE,  
18 AN INSURER MAY ONLY CONSIDER THE FEES THAT THE BILLING HEALTH CARE  
19 PROVIDER CHARGES FOR THE SAME OR SIMILAR SERVICES.~~

20       ~~{(c)}~~       (D)       (1)       An insurer may exclude from the coverage described in this  
21 section benefits for:

22                      (i)       an individual, otherwise insured under the policy, who:

23                                       1.       intentionally causes the motor vehicle accident resulting  
24 in the injury for which benefits are claimed;

25                                       2.       is a nonresident of the State and is injured as a pedestrian  
26 in a motor vehicle accident that occurs outside of the State;

27                                       3.       is injured in a motor vehicle accident while operating or  
28 voluntarily riding in a motor vehicle that the individual knows is stolen; or

29                                       4.       is injured in a motor vehicle accident while committing a  
30 felony or while violating § 21-904 of the Transportation Article; or

31                      (ii)       the named insured or a family member of the named insured  
32 who resides in the named insured's household for an injury that occurs while the  
33 named insured or family member is occupying an uninsured motor vehicle owned by:

34                                       1.       the named insured; or

35                                       2.       an immediate family member of the named insured who  
36 resides in the named insured's household.

- 1           (2)     ~~In the case of motorcycles, an insurer may:~~
- 2                     (i)     ~~exclude the economic loss benefits described in this section; or~~
- 3                     (ii)    ~~offer the economic loss benefits with deductibles, options, or~~
- 4 ~~specific exclusions.~~

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

6 October 1, 2000.