

HOUSE BILL 633

Unofficial Copy  
C4  
SB 349/01 - FIN

2002 Regular Session  
2lr2275  
CF SB 273

---

By: **Delegates Krysiak, Taylor, Minnick, and Kirk**  
Introduced and read first time: February 4, 2002  
Assigned to: Economic Matters

---

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Liability Insurance - Offer of Coverage - Family Exclusion**

3 FOR the purpose of requiring an insurer to offer to the first named insured under a  
4 policy or binder of private passenger motor vehicle liability insurance liability  
5 coverage for claims made by a family member in the same amount as the  
6 liability coverage for claims made by a nonfamily member; requiring an insurer  
7 to make the offer to the first named insured on a certain form; requiring the  
8 form to contain certain explanations; requiring the offer to meet certain criteria;  
9 prohibiting an insurer from refusing to underwrite a first named insured  
10 because the first named insured requests or elects certain coverage; establishing  
11 certain penalties for a violation of a certain provision of this Act; providing for  
12 the application of this Act; and generally relating to the offering of coverage  
13 under policies and binders of private passenger motor vehicle liability  
14 insurance.

15 BY adding to  
16 Article - Insurance  
17 Section 19-504.1  
18 Annotated Code of Maryland  
19 (1997 Volume and 2001 Supplement)

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

22 **Article - Insurance**

23 19-504.1.

24 (A) THIS SECTION APPLIES ONLY WHEN THE LIABILITY COVERAGE UNDER A  
25 POLICY OR BINDER OF PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE  
26 EXCEEDS THE AMOUNT REQUIRED UNDER § 17-103 OF THE TRANSPORTATION  
27 ARTICLE.

28 (B) AN INSURER SHALL OFFER TO THE FIRST NAMED INSURED UNDER A  
29 POLICY OR BINDER OF PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE

1 LIABILITY COVERAGE FOR CLAIMS MADE BY A FAMILY MEMBER IN THE SAME  
2 AMOUNT AS THE LIABILITY COVERAGE FOR CLAIMS MADE BY A NONFAMILY  
3 MEMBER UNDER THE POLICY OR BINDER.

4 (C) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN OFFER MADE  
5 UNDER THIS SECTION SHALL BE MADE ON A FORM THAT THE COMMISSIONER  
6 REQUIRES.

7 (2) THE FORM:

8 (I) MAY BE PART OF THE INSURANCE APPLICATION, POLICY,  
9 CONTRACT, OR BINDER;

10 (II) SHALL CLEARLY AND CONCISELY EXPLAIN IN 10 POINT  
11 BOLDFACE TYPE THE NATURE, EXTENT, BENEFIT, AND COST OF THE AMOUNT OF  
12 LIABILITY COVERAGE FOR CLAIMS MADE BY FAMILY MEMBERS THAT IS AVAILABLE  
13 TO THE FIRST NAMED INSURED; AND

14 (III) SHALL STATE THAT AN INSURER MAY NOT REFUSE TO  
15 UNDERWRITE A FIRST NAMED INSURED BECAUSE THE FIRST NAMED INSURED  
16 REQUESTS OR ELECTS THE LIABILITY COVERAGE FOR CLAIMS MADE BY FAMILY  
17 MEMBERS IN AN AMOUNT EQUAL TO THE COVERAGE PROVIDED FOR CLAIMS MADE  
18 BY NONFAMILY MEMBERS.

19 (D) (1) AN INSURER MAY NOT REFUSE TO UNDERWRITE A FIRST NAMED  
20 INSURED BECAUSE THE FIRST NAMED INSURED REQUESTS OR ELECTS THE  
21 LIABILITY COVERAGE FOR CLAIMS MADE BY FAMILY MEMBERS IN AN AMOUNT  
22 EQUAL TO THE COVERAGE PROVIDED FOR CLAIMS MADE BY NONFAMILY MEMBERS.

23 (2) AN INSURER THAT VIOLATES THIS SUBSECTION IS SUBJECT TO THE  
24 PENALTIES PROVIDED IN §§ 4-113 AND 4-114 OF THIS ARTICLE.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
26 applicable to all private passenger motor vehicle liability insurance policies and  
27 binders issued, delivered, or renewed in the State on or after October 1, 2002.

28 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
29 October 1, 2002.