

SENATE BILL 273

Unofficial Copy
C4
SB 349/01 - FIN

2002 Regular Session
2r1835

By: **Senators Bromwell and Dorman**
Introduced and read first time: January 23, 2002
Assigned to: Finance

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.