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By: **Senators Gladden, Currie, Giannetti, Kelley, McFadden, Miller, and Teitelbaum**
Introduced and read first time: January 31, 2003
Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2   **Private Passenger Motor Vehicle Liability Insurance - Coverage for Claims**
3   **of Family Members**

4 FOR the purpose of requiring a policy of private passenger motor vehicle liability
5   insurance to provide liability coverage for claims of family members in a certain
6   amount under certain circumstances; requiring an insurer to offer to the first
7   named insured under a policy or binder of private passenger motor vehicle
8   liability insurance liability coverage for claims made by family members in a
9   certain amount under certain circumstances; requiring that the offer be made on
10   a certain form; specifying the contents of the form; prohibiting an insurer from
11   refusing to underwrite a first named insured because the first named insured
12   requests or elects liability coverage for claims of family members in a certain
13   amount; establishing certain penalties for violation of a certain provision of this
14   Act; providing for the application of this Act; and generally relating to liability
15   coverage for claims of family members under private passenger motor vehicle
16   liability insurance.

17 BY adding to
18   Article - Insurance
19   Section 19-504.1
20   Annotated Code of Maryland
21   (2002 Replacement Volume and 2002 Supplement)

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

24   **Article - Insurance**

25 19-504.1.

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

1   (B)   SUBJECT TO SUBSECTION (A) OF THIS SECTION, EACH PRIVATE
2 PASSENGER MOTOR VEHICLE LIABILITY INSURANCE POLICY ISSUED, SOLD, OR
3 DELIVERED IN THE STATE SHALL PROVIDE, IF REQUESTED OR ELECTED BY THE
4 FIRST NAMED INSURED, LIABILITY COVERAGE FOR CLAIMS MADE BY A FAMILY
5 MEMBER IN THE SAME AMOUNT AS THE LIABILITY COVERAGE FOR CLAIMS MADE BY
6 A NONFAMILY MEMBER UNDER THE POLICY.

7   (C)   AN INSURER SHALL OFFER TO THE FIRST NAMED INSURED UNDER A
8 POLICY OR BINDER OF PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE
9 LIABILITY COVERAGE FOR CLAIMS MADE BY A FAMILY MEMBER IN THE SAME
10 AMOUNT AS THE LIABILITY COVERAGE FOR CLAIMS MADE BY A NONFAMILY
11 MEMBER UNDER THE POLICY OR BINDER.

12   (D)   (1)   AN OFFER MADE UNDER THIS SECTION SHALL BE MADE ON THE
13 FORM THAT THE COMMISSIONER REQUIRES.

14   (2)   THE FORM MAY BE PART OF THE INSURANCE APPLICATION, POLICY,
15 CONTRACT, OR BINDER.

16   (3)   THE FORM SHALL CLEARLY AND CONCISELY EXPLAIN IN 10 POINT
17 BOLDFACE TYPE:

18   (I)   THE NATURE, EXTENT, BENEFIT, AND COST OF THE AMOUNT
19 OF LIABILITY COVERAGE FOR CLAIMS MADE BY FAMILY MEMBERS THAT IS
20 AVAILABLE TO THE FIRST NAMED INSURED; AND

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

25   (E)   (1)   AN INSURER MAY NOT REFUSE TO UNDERWRITE A FIRST NAMED
26 INSURED BECAUSE THE FIRST NAMED INSURED REQUESTS OR ELECTS THE
27 LIABILITY COVERAGE FOR CLAIMS MADE BY FAMILY MEMBERS IN AN AMOUNT
28 EQUAL TO THE COVERAGE PROVIDED FOR CLAIMS MADE BY NONFAMILY MEMBERS.

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

31   SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
32 private passenger motor vehicle liability insurance policies and binders issued,
33 delivered, or renewed in the State on or after October 1, 2003.

34   SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
35 October 1, 2003.