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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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Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 24, 2003

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CHAPTER \_\_\_\_\_

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; requiring the Insurance Commissioner to make a certain study and provide  
15 a certain report by a certain date; providing for the application of this Act; and  
16 generally relating to liability coverage for claims of family members under  
17 private passenger motor vehicle liability insurance.

18 BY adding to  
19 Article - Insurance  
20 Section 19-504.1  
21 Annotated Code of Maryland  
22 (2002 Replacement Volume and 2002 Supplement)

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

1 **Article - Insurance**

2 19-504.1.

3 (A) THIS SECTION APPLIES ONLY WHEN THE LIABILITY COVERAGE UNDER A  
4 POLICY OR BINDER OF PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE  
5 EXCEEDS THE AMOUNT REQUIRED UNDER § 17-103 OF THE TRANSPORTATION  
6 ARTICLE.

7 ~~(B)~~ SUBJECT TO SUBSECTION (A) OF THIS SECTION, EACH PRIVATE  
8 PASSENGER MOTOR VEHICLE LIABILITY INSURANCE POLICY ISSUED, SOLD, OR  
9 DELIVERED IN THE STATE SHALL PROVIDE, IF REQUESTED OR ELECTED BY THE  
10 FIRST NAMED INSURED, LIABILITY COVERAGE FOR CLAIMS MADE BY A FAMILY  
11 MEMBER IN THE SAME AMOUNT AS THE LIABILITY COVERAGE FOR CLAIMS MADE BY  
12 A NONFAMILY MEMBER UNDER THE POLICY.

13 ~~(C)~~ (B) AN INSURER SHALL OFFER TO THE FIRST NAMED INSURED UNDER A  
14 POLICY OR BINDER OF PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE  
15 LIABILITY COVERAGE FOR CLAIMS MADE BY A FAMILY MEMBER IN THE SAME  
16 AMOUNT AS THE LIABILITY COVERAGE FOR CLAIMS MADE BY A NONFAMILY  
17 MEMBER UNDER THE POLICY OR BINDER.

18 ~~(D)~~ (C) (1) AN OFFER MADE UNDER THIS SECTION SHALL BE MADE ON  
19 THE FORM THAT THE COMMISSIONER REQUIRES.

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

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

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

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

31 ~~(E)~~ (D) (1) AN INSURER MAY NOT REFUSE TO UNDERWRITE A FIRST  
32 NAMED INSURED BECAUSE THE FIRST NAMED INSURED REQUESTS OR ELECTS THE  
33 LIABILITY COVERAGE FOR CLAIMS MADE BY FAMILY MEMBERS IN AN AMOUNT  
34 EQUAL TO THE COVERAGE PROVIDED FOR CLAIMS MADE BY NONFAMILY MEMBERS.

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

37 SECTION 2. AND BE IT FURTHER ENACTED, That the Insurance  
38 Commissioner shall study the impact on motor vehicle liability insurance rates as a

1 result of requiring insurers to offer to the first named injured liability coverage for  
2 claims made by a family member in the same amount as the liability coverage for  
3 claims made by a nonfamily member, as provided under this Act. On or before  
4 January 12, 2006, the Commissioner shall report, subject to § 2-1246 of the State  
5 Government Article, the findings to the General Assembly.

6 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall apply to  
7 all private passenger motor vehicle liability insurance policies and binders issued,  
8 delivered, or renewed in the State on or after October 1, 2003.

9 SECTION ~~3~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take  
10 effect October 1, 2003.