
By: **Senator Kelley**
Introduced and read first time: February 25, 2003
Rules suspended
Assigned to: Finance

Committee Report: Favorable
Senate action: Adopted
Read second time: March 21, 2003

CHAPTER _____

1 AN ACT concerning

2 **Private Passenger Motor Vehicle Insurance - Underwriting Standards -**
3 **Statistical Validation**

4 FOR the purpose of expanding a certain provision of law relating to underwriting
5 standards for private passenger motor vehicle insurance; providing that
6 underwriting standards that are reasonably related to an insurer's economic
7 and business purposes and do not require statistical validation include a
8 conviction of the named insured or a covered driver under a private passenger
9 motor vehicle insurance policy of a violation of certain prohibitions against
10 driving or attempting to drive while under the influence of alcohol or alcohol per
11 se, or while impaired by alcohol, drugs, drugs and alcohol, or certain controlled
12 dangerous substances; and generally relating to underwriting standards for
13 private passenger motor vehicle insurance.

14 BY repealing and reenacting, without amendments,
15 Article - Insurance
16 Section 27-501(a)(2)
17 Annotated Code of Maryland
18 (2002 Replacement Volume and 2002 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article - Insurance
21 Section 27-501(l)(1)
22 Annotated Code of Maryland
23 (2002 Replacement Volume and 2002 Supplement)

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

3 **Article - Insurance**

4 27-501.

5 (a) (2) Except as provided in this section, an insurer or insurance producer
6 may not cancel or refuse to underwrite or renew a particular insurance risk or class of
7 risk except by the application of standards that are reasonably related to the insurer's
8 economic and business purposes.

9 (1) (1) In the case of private passenger motor vehicle insurance, standards
10 reasonably related to the insurer's economic and business purposes under subsection
11 (a)(2) of this section include, but are not limited to, the following and do not require
12 statistical validation:

13 (i) a material misrepresentation in connection with the
14 application, policy, or presentation of a claim;

15 (ii) nonpayment of premium;

16 (iii) subject to § 27-606 of this title, revocation or suspension of the
17 driver's license or motor vehicle registration within the preceding 2-year period:

18 1. of the named insured or covered driver under the policy;
19 and

20 2. for reasons related to the driving record of the driver;

21 (iv) subject to § 27-606 of this title, two or more motor vehicle
22 accidents or any combination of three or more accidents and moving violations within
23 the preceding 3-year period for which the insured was at fault for the accidents;

24 (v) subject to § 27-606 of this title, three or more moving violations
25 against the insured or a covered driver under the policy within the preceding 2-year
26 period;

27 (vi) subject to § 27-606 of this title, conviction of the named insured
28 or a covered driver under the policy of any of the following:

29 1. [driving while intoxicated or impaired by drugs] A
30 VIOLATION OF § 21-902 OF THE TRANSPORTATION ARTICLE;

31 2. homicide, assault, reckless endangerment, or criminal
32 negligence arising out of the operation of the motor vehicle; or

33 3. using the motor vehicle to participate in a felony;

1 (vii) any other standard approved by the Commissioner that is based
2 on factors that adversely affect the losses or expenses of the insurer under its
3 approved rating plan and for which statistical validation is unavailable or is unduly
4 burdensome to produce; and

5 (viii) any other standard set forth in regulations adopted by the
6 Commissioner that is found to be reasonably related to the insurer's economic and
7 business purposes.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 June 1, 2003.