
By: **Delegates Bromwell, Boteler, Burns, Cardin, Cluster, DeBoy, Frush,
Fulton, Goodwin, Harrison, Haynes, Hogan, Impallaria, Jameson, Kirk,
McDonough, Minnick, Moe, Myers, Parrott, Taylor, F. Turner, Vaughn,
Weldon, and Zirkin**

Introduced and read first time: January 19, 2004
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Liability Insurance - Rate Making**

3 FOR the purpose of prohibiting an insurer under a motor vehicle liability insurance
4 policy from considering an accident in which an insured was not at fault in
5 determining whether to classify the insured in a classification that entails a
6 higher premium; and generally relating to motor vehicle liability insurance.

7 BY repealing and reenacting, with amendments,
8 Article - Insurance
9 Section 11-215 and 11-318
10 Annotated Code of Maryland
11 (2003 Replacement Volume)

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

14 **Article - Insurance**

15 11-215.

16 (a) All automobile insurance rates shall be made in accordance with the
17 principles set forth in this section.

18 (b) (1) An insurer under an automobile liability insurance policy may not
19 classify or maintain an insured for a period longer than 3 years in a classification that
20 entails a higher premium:

21 (i) because of a specific claim; or

22 (ii) because of the insured's driving record.

1 (2) For the purpose of determining whether to classify an insured in a
2 classification that entails a higher premium, an insurer may review only a period not
3 greater than 3 years before:

4 (i) if the policy has not yet been issued:

5 1. the date of the application; or

6 2. the proposed effective date of the policy; or

7 (ii) on renewal of a policy, the effective date of the renewal.

8 (3) The removal of a discount is not a violation of this subsection.

9 (c) An insurer's automobile and physical damage insurance premiums shall
10 reflect the reduction in claims, if any, attributable to the requirement that drivers
11 under the age of 18 years must acquire a provisional driver's license before acquiring
12 a driver's license.

13 (d) For purposes of reclassifying an insured in a classification that entails a
14 higher premium, an insurer under an automobile insurance policy may not consider
15 accident reports and abstracts of court convictions that relate to driving an emergency
16 vehicle and that are on record with the Motor Vehicle Administration, as provided in
17 § 16-117(b) of the Transportation Article.

18 (e) For purposes of reclassifying an insured in a classification that entails a
19 higher premium, an insurer under an automobile insurance policy may not consider a
20 probation before judgment disposition of a motor vehicle law offense, a civil penalty
21 imposed pursuant to § 21-202.1 of the Transportation Article, or a first offense of
22 driving with an alcohol concentration of 0.08 or more under § 16-205.1 of the
23 Transportation Article on record with the Motor Vehicle Administration, as provided
24 in § 16-117(b) of the Transportation Article.

25 (f) If the insured under an automobile insurance policy notifies the insurer of
26 a change in circumstances that justifies reclassifying the insured in a different
27 classification or territory, the insurer shall adjust the premium charged the insured
28 from the date of notification.

29 (g) For motor vehicle personal injury and property damage coverage, an
30 insurer may provide a reduction in rates based on actuarial justification to an insured
31 who:

32 (1) is at least 55 years old; and

33 (2) within the last 2 years, has completed successfully a course in
34 accident prevention:

35 (i) that is approved by the Motor Vehicle Administration;

1 (ii) that includes classroom instruction or practice driving of the
2 number of hours that the Motor Vehicle Administration requires; and

3 (iii) for which the insured has received a certificate that certifies the
4 completion of the course.

5 (H) FOR THE PURPOSE OF DETERMINING WHETHER TO CLASSIFY AN INSURED
6 IN A CLASSIFICATION THAT ENTAILS A HIGHER PREMIUM, AN INSURER UNDER AN
7 AUTOMOBILE LIABILITY INSURANCE POLICY MAY NOT CONSIDER AN ACCIDENT IN
8 WHICH THE INSURED WAS NOT AT FAULT.

9 11-318.

10 (a) All automobile insurance rates shall be made in accordance with the
11 principles set forth in this section.

12 (b) (1) An insurer under an automobile liability insurance policy may not
13 classify or maintain an insured for a period longer than 3 years in a classification that
14 entails a higher premium:

15 (i) because of a specific claim; or

16 (ii) because of the insured's driving record.

17 (2) For the purpose of determining whether to classify an insured in a
18 classification that entails a higher premium, an insurer may review only a period not
19 greater than 3 years before:

20 (i) if the policy has not yet been issued:

21 1. the date of the application; or

22 2. the proposed effective date of the policy; or

23 (ii) on renewal of a policy, the effective date of the renewal.

24 (3) The removal of a discount is not a violation of this subsection.

25 (c) An insurer's automobile and physical damage insurance premiums shall
26 reflect the reduction in claims, if any, attributable to the requirement that drivers
27 under the age of 18 years must acquire a provisional driver's license before acquiring
28 a driver's license.

29 (d) For purposes of reclassifying an insured in a classification that entails a
30 higher premium, an insurer under an automobile insurance policy may not consider
31 accident reports and abstracts of court convictions that relate to driving an emergency
32 vehicle and that are on record with the Motor Vehicle Administration, as provided in
33 § 16-117(b) of the Transportation Article.

34 (e) For purposes of reclassifying an insured in a classification that entails a
35 higher premium, an insurer under an automobile insurance policy may not consider a

1 probation before judgment disposition of a motor vehicle law offense, a civil penalty
2 imposed pursuant to § 21-202.1 of the Transportation Article, or a first offense of
3 driving with an alcohol concentration of 0.08 or more under § 16-205.1 of the
4 Transportation Article on record with the Motor Vehicle Administration, as provided
5 in § 16-117(b) of the Transportation Article.

6 (f) If the insured under an automobile insurance policy notifies the insurer of
7 a change in circumstances that justifies reclassifying the insured in a different
8 classification or territory, the insurer shall adjust the premium charged the insured
9 from the date of notification.

10 (g) For motor vehicle personal injury and property damage coverage, an
11 insurer may provide a reduction in rates based on actuarial justification to an insured
12 who:

13 (1) is at least 55 years old; and

14 (2) within the last 2 years, has completed successfully a course in
15 accident prevention:

16 (i) that is approved by the Motor Vehicle Administration;

17 (ii) that includes classroom instruction or practice driving of the
18 number of hours that the Motor Vehicle Administration requires; and

19 (iii) for which the insured has received a certificate that certifies the
20 completion of the course.

21 (H) FOR THE PURPOSE OF DETERMINING WHETHER TO CLASSIFY AN INSURED
22 IN A CLASSIFICATION THAT ENTAILS A HIGHER PREMIUM, AN INSURER UNDER AN
23 AUTOMOBILE LIABILITY INSURANCE POLICY MAY NOT CONSIDER AN ACCIDENT IN
24 WHICH THE INSURED WAS NOT AT FAULT.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
26 October 1, 2004.