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By: **Delegates Krysiak and Feldman**  
Introduced and read first time: February 2, 2004  
Assigned to: Economic Matters

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

16 BY adding to  
17 Article - Insurance  
18 Section 19-504.1  
19 Annotated Code of Maryland  
20 (2002 Replacement Volume and 2003 Supplement)

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

23                                   **Article - Insurance**

24 19-504.1.

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

1 (B) AN INSURER SHALL OFFER TO THE FIRST NAMED INSURED UNDER A  
2 POLICY OR BINDER OF PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE  
3 LIABILITY COVERAGE FOR CLAIMS MADE BY A FAMILY MEMBER IN THE SAME  
4 AMOUNT AS THE LIABILITY COVERAGE FOR CLAIMS MADE BY A NONFAMILY  
5 MEMBER UNDER THE POLICY OR BINDER.

6 (C) (1) AN OFFER MADE UNDER THIS SECTION SHALL BE MADE ON THE  
7 FORM THAT THE COMMISSIONER REQUIRES.

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

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

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

15 (II) THAT AN INSURER MAY NOT REFUSE TO UNDERWRITE A FIRST  
16 NAMED INSURED BECAUSE THE FIRST NAMED INSURED REQUESTS OR ELECTS THE  
17 LIABILITY COVERAGE FOR CLAIMS MADE BY FAMILY MEMBERS IN AN AMOUNT  
18 EQUAL TO THE COVERAGE PROVIDED FOR CLAIMS MADE 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 the Insurance  
26 Commissioner shall study the impact on motor vehicle liability insurance rates as a  
27 result of requiring insurers to offer to the first named insured liability coverage for  
28 claims made by a family member in the same amount as the liability coverage for  
29 claims made by a nonfamily member, as provided under this Act. On or before  
30 January 10, 2008, the Commissioner shall report, subject to § 2-1246 of the State  
31 Government Article, the findings to the General Assembly.

32 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall apply to  
33 all private passenger motor vehicle liability insurance policies and binders issued,  
34 delivered, or renewed in the State on or after October 1, 2004.

35 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take  
36 effect October 1, 2004.