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2004 Regular Session
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By: **Senators Gladden, Currie, Exum, Garagiola, Grosfeld, McFadden,**
     Ruben, and Teitelbaum
Introduced and read first time: February 5, 2004
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 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.