
By: **Delegate Impallaria**

Introduced and read first time: February 11, 2005

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Motor Vehicle Repairs - Prohibited Acts and Penalties**

3 FOR the purpose of prohibiting certain adjusters, appraisers, insurance producers,
4 and employees of an insurer from recommending the use of certain repair
5 services or sources for the repair or replacement of property damage to a motor
6 vehicle without providing a copy of a certain contract or agreement to the
7 claimant or insured; prohibiting certain adjusters, appraisers, insurance
8 producers, and employees of an insurer from making false or misleading
9 statements to induce a claimant or insured, or offering a discount, warranty, or
10 other inducement to a claimant or insured, to use a specific contractor or repair
11 shop for a repair service or repair product; prohibiting an insurer from
12 authorizing certain persons to recommend a certain repair service or source
13 under certain circumstances; increasing the amount of a certain civil penalty
14 that may be imposed for violating certain provisions of law; authorizing certain
15 persons to file a certain complaint with the Maryland Insurance Commissioner;
16 and generally relating to motor vehicle repairs.

17 BY repealing and reenacting, with amendments,
18 Article - Insurance
19 Section 10-503 and 10-504
20 Annotated Code of Maryland
21 (2003 Replacement Volume and 2004 Supplement)

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

24 **Article - Insurance**

25 10-503.

26 (a) An adjuster, appraiser, or insurance producer or employee of an insurer
27 may not:

28 (1) recommend the use of a specific repair service or source for the repair
29 or replacement of property damage to a motor vehicle without:

1 (I) informing the claimant or insured that the claimant or insured
2 does not have to use the recommended repair service or source; AND

3 (II) PROVIDING TO THE CLAIMANT OR INSURED A COPY OF ANY
4 CONTRACT OR AGREEMENT BETWEEN THE CLAIMANT'S OR INSURED'S INSURER AND
5 THE RECOMMENDED REPAIR SERVICE OR SOURCE;

6 (2) require that an appraisal or repair be made in a specific repair shop;

7 (3) require that a claimant or insured use a specific contractor or repair
8 shop for a repair service or repair product; or

9 (4) intimidate, coerce, or threaten a claimant or insured, MAKE FALSE OR
10 MISLEADING STATEMENTS TO INDUCE A CLAIMANT OR INSURED, OR OFFER A
11 DISCOUNT, WARRANTY, OR OTHER INDUCEMENT TO A CLAIMANT OR INSURED, to use
12 a specific contractor or repair shop for a repair service or repair product.

13 (b) An adjuster or appraiser may not accept a gratuity or other form of
14 remuneration from a repair service for recommending that repair service to a
15 claimant or insured.

16 (C) AN INSURER MAY NOT AUTHORIZE AN ADJUSTER, APPRAISER, INSURANCE
17 PRODUCER, OR EMPLOYEE TO RECOMMEND A REPAIR SERVICE OR SOURCE THAT
18 HAS A CONTRACT OR AGREEMENT WITH THE INSURER TO PROVIDE REPAIR
19 SERVICES OR REPAIR PRODUCTS TO INDIVIDUALS INSURED BY THE INSURER
20 UNLESS A COPY OF THE CONTRACT OR AGREEMENT HAS BEEN FILED WITH THE
21 COMMISSIONER.

22 10-504.

23 (A) A person that intentionally violates this subtitle is subject to:

24 (1) a civil penalty not exceeding [\$1,000] \$5,000 for each violation; and

25 (2) denial, suspension, or revocation of any license held under this
26 article.

27 (B) A PERSON INJURED BY A VIOLATION OF THIS SUBTITLE MAY FILE A
28 COMPLAINT WITH THE COMMISSIONER TO ENFORCE THE PENALTY PROVISIONS OF
29 THIS SECTION.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 October 1, 2005.