
By: **Delegate Doory**

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Assigned to: Rules and Executive Nominations

Re-referred to: Economic Matters, March 14, 2005

Committee Report: Favorable with amendments

House action: Adopted

Read second time: April 2, 2005

CHAPTER _____

1 AN ACT concerning

2 **Insurancee Motor Vehicle Liability Insurance - Pilot Programs**

3 FOR the purpose of authorizing ~~an insurer~~ certain insurers to conduct a certain pilot
 4 program in the State ~~with the prior approval of the Insurance Commissioner;~~
 5 ~~requiring the insurer to file certain information about the pilot program and~~
 6 ~~certain rates and forms with the Commissioner; requiring the Commissioner to~~
 7 ~~approve the rates and forms before the insurer may conduct a pilot program;~~
 8 ~~authorizing the Commissioner to approve a pilot program only for a certain~~
 9 ~~period of time; providing that an approved pilot program is exempt from the~~
 10 ~~requirements of the Insurance Article with a certain exception; requiring the~~
 11 ~~insurer to provide potential participants with certain information about the~~
 12 ~~pilot program; requiring the insurer to extend, end, or convert a pilot program~~
 13 ~~before the end of the approved period of time; establishing procedures for the~~
 14 ~~extension of a pilot program, the end of a pilot program and the withdrawal of~~
 15 ~~rates and forms, and the conversion of a pilot program to a formal line of~~
 16 ~~insurancee;~~ requiring a policy of motor vehicle liability insurance issued under a
 17 pilot program to provide certain coverage; requiring an insurer that seeks
 18 approval to conduct a pilot program to file certain information with and pay
 19 certain fees to the Maryland Insurance Commissioner; providing that
 20 information provided by an insurer to the Commissioner under this Act shall be
 21 considered proprietary information and may not be disclosed without the prior
 22 consent of the insurer; prohibiting an insurer from conducting a pilot program
 23 until the Commissioner has approved certain rates, rules, underwriting
 24 standards, and forms; specifying the duration of a pilot program; authorizing an
 25 insurer to terminate a pilot program under certain circumstances; providing
 26 that an approved pilot program is exempt from certain provisions of law with a
 27 certain exception; defining a certain term; and generally relating to pilot

1 programs for ~~lines of~~ motor vehicle liability insurance.

2 BY adding to

3 Article - Insurance

4 Section 4-501 to be under the new subtitle "Subtitle 5. Motor Vehicle Liability

5 Insurance Pilot Programs"

6 Annotated Code of Maryland

7 (2003 Replacement Volume and 2004 Supplement)

8 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

9 MARYLAND, That the Laws of Maryland read as follows:

10 **Article - Insurance**

11 **SUBTITLE 5. MOTOR VEHICLE LIABILITY INSURANCE PILOT PROGRAMS.**

12 4-501.

13 ~~(A) AN INSURER MAY NOT CONDUCT A PILOT PROGRAM IN THE STATE UNLESS~~
14 ~~THE INSURER OBTAINS THE PRIOR APPROVAL OF THE COMMISSIONER FOR THE~~
15 ~~PILOT PROGRAM IN ACCORDANCE WITH THIS SECTION.~~

16 ~~(B) AN INSURER THAT SEEKS APPROVAL OF A PILOT PROGRAM SHALL FILE~~
17 ~~WITH THE COMMISSIONER:~~

18 ~~(1) INFORMATION ABOUT THE PILOT PROGRAM THAT INCLUDES:~~

19 ~~(I) THE PURPOSE OF THE PILOT PROGRAM;~~

20 ~~(II) THE LINE OF INSURANCE THAT THE INSURER SEEKS TO TEST~~
21 ~~THROUGH THE PILOT PROGRAM;~~

22 ~~(III) WHAT THE BENEFIT IS TO THE INSURANCE MARKET IN THE~~
23 ~~STATE FROM THE PILOT PROGRAM; AND~~

24 ~~(IV) THE PERIOD OF TIME DURING WHICH THE PILOT PROGRAM~~
25 ~~WILL BE CONDUCTED IN THE STATE; AND~~

26 ~~(2) THE RATES AND FORMS THAT THE INSURER PROPOSES TO USE IN~~
27 ~~THE PILOT PROGRAM.~~

28 ~~(C) (1) BEFORE AN INSURER MAY CONDUCT A PILOT PROGRAM IN THE~~
29 ~~STATE, THE COMMISSIONER SHALL APPROVE THE RATES AND FORMS THAT THE~~
30 ~~INSURER PROPOSES TO USE IN THE PILOT PROGRAM.~~

31 ~~(2) THE APPROVAL OF THE RATES AND FORMS MAY PLACE~~
32 ~~RESTRICTIONS ON THE INSURED WHO MAY PARTICIPATE IN THE PILOT PROGRAM.~~

1 (3) ~~AFTER APPROVAL BY THE COMMISSIONER, THE RATES AND FORMS~~
2 ~~USED BY THE INSURER IN THE PILOT PROGRAM ARE SUBJECT TO CHANGE BY THE~~
3 ~~COMMISSIONER.~~

4 ~~(D) THE COMMISSIONER MAY APPROVE A PILOT PROGRAM ONLY FOR A~~
5 ~~SPECIFIC PERIOD OF TIME.~~

6 ~~(E) EXCEPT FOR THE REQUIREMENTS OF § 27-501 OF THIS ARTICLE, A PILOT~~
7 ~~PROGRAM APPROVED BY THE COMMISSIONER IS EXEMPT FROM THE REQUIREMENTS~~
8 ~~OF THIS ARTICLE.~~

9 ~~(F) BEFORE AN INSURER CONDUCTS A PILOT PROGRAM IN THE STATE, THE~~
10 ~~INSURER SHALL NOTIFY POTENTIAL PARTICIPANTS IN THE PILOT PROGRAM OF:~~

11 ~~(1) THE PURPOSE OF THE PILOT PROGRAM; AND~~

12 ~~(2) THE LIMITATIONS, IF ANY, ON THE RIGHTS AVAILABLE UNDER THIS~~
13 ~~ARTICLE TO PARTICIPANTS IN THE PILOT PROGRAM.~~

14 ~~(G) (1) BEFORE THE END OF THE APPROVED PERIOD OF TIME FOR THE~~
15 ~~PILOT PROGRAM, THE INSURER SHALL FILE WITH THE COMMISSIONER TO:~~

16 ~~(I) EXTEND THE PILOT PROGRAM IN ACCORDANCE WITH~~
17 ~~PARAGRAPH (2) OF THIS SUBSECTION;~~

18 ~~(II) END THE PILOT PROGRAM IN ACCORDANCE WITH PARAGRAPH~~
19 ~~(3) OF THIS SUBSECTION; OR~~

20 ~~(III) CONVERT THE PILOT PROGRAM TO A FORMAL LINE OF~~
21 ~~INSURANCE IN ACCORDANCE WITH PARAGRAPH (4) OF THIS SUBSECTION.~~

22 ~~(2) (1) AN INSURER THAT SEEKS TO EXTEND A PILOT PROGRAM SHALL~~
23 ~~FILE WITH THE COMMISSIONER INFORMATION ABOUT THE EXTENSION THAT:~~

24 ~~1. STATES THE REASONS FOR THE REQUESTED EXTENSION;~~
25 ~~AND~~

26 ~~2. ESTABLISHES A NEW PERIOD OF TIME DURING WHICH~~
27 ~~THE PILOT PROGRAM WILL BE CONDUCTED.~~

28 ~~(II) BEFORE THE INSURER MAY EXTEND A PILOT PROGRAM, THE~~
29 ~~COMMISSIONER SHALL APPROVE THE EXTENSION OF THE PILOT PROGRAM.~~

30 ~~(III) THE COMMISSIONER SHALL APPROVE THE EXTENSION OF THE~~
31 ~~PILOT PROGRAM IF THE COMMISSIONER FINDS THAT:~~

32 ~~1. THERE IS GOOD CAUSE SHOWN BY THE INSURER; AND~~

33 ~~2. THERE IS A LEGITIMATE NEED FOR AN EXTENSION OF~~
34 ~~THE PERIOD OF TIME DURING WHICH THE PILOT PROGRAM WILL BE CONDUCTED.~~

- 1 ~~(3)~~ ~~(4)~~ AN INSURER THAT SEEKS TO END A PILOT PROGRAM SHALL:
- 2 1. ~~WITHDRAW ALL RATES AND FORMS FOR THE PILOT~~
- 3 ~~PROGRAM;~~
- 4 2. ~~GIVE PROPER NOTICE TO THE PARTICIPANTS OF THE END~~
- 5 ~~OF THE PILOT PROGRAM; AND~~
- 6 3. ~~REPORT TO THE COMMISSIONER ON THE RESULTS OF THE~~
- 7 ~~PILOT PROGRAM AND WHY IT IS BEING WITHDRAWN.~~
- 8 ~~(H)~~ ~~BEFORE THE INSURER MAY END THE PILOT PROGRAM, THE~~
- 9 ~~COMMISSIONER SHALL APPROVE THE WITHDRAWAL OF THE PILOT PROGRAM.~~
- 10 ~~(4)~~ AN INSURER THAT SEEKS TO CONVERT A PILOT PROGRAM TO A
- 11 ~~FORMAL LINE OF INSURANCE SHALL:~~
- 12 ~~(4)~~ ~~FILE RATES AND FORMS WITH THE COMMISSIONER IN~~
- 13 ~~ACCORDANCE WITH THIS ARTICLE;~~
- 14 ~~(H)~~ ~~MAKE THE INSURANCE AVAILABLE TO ALL APPLICANTS IN THE~~
- 15 ~~STATE WHO ARE ELIGIBLE FOR COVERAGE.~~
- 16 ~~(A)~~ IN THIS SECTION, "PILOT PROGRAM" MEANS A PROGRAM UNDER WHICH
- 17 MOTOR VEHICLE LIABILITY INSURANCE:
- 18 ~~(1)~~ IS OFFERED IN THE STATE BY AN AUTHORIZED INSURER USING
- 19 RATES, RULES, UNDERWRITING STANDARDS, OR FORMS THAT ARE NOT USED IN
- 20 SIMILAR COMBINATIONS IN CONNECTION WITH OTHER MOTOR VEHICLE LIABILITY
- 21 INSURANCE OFFERED BY THE INSURER IN THE STATE; AND
- 22 ~~(2)~~ IS MADE AVAILABLE TO LESS THAN ALL INSURED'S AND APPLICANTS
- 23 WHO MEET THE UNDERWRITING STANDARDS AND OTHER ELIGIBILITY
- 24 REQUIREMENTS OF THE PROGRAM.
- 25 ~~(B)~~ A POLICY OF MOTOR VEHICLE LIABILITY INSURANCE ISSUED UNDER A
- 26 PILOT PROGRAM SHALL PROVIDE THE MINIMUM LIABILITY COVERAGE SPECIFIED IN
- 27 TITLE 17 OF THE TRANSPORTATION ARTICLE.
- 28 ~~(C)~~ AN INSURER THAT SEEKS APPROVAL TO CONDUCT A PILOT PROGRAM
- 29 SHALL:
- 30 ~~(1)~~ FILE WITH THE COMMISSIONER:
- 31 ~~(I)~~ THE RATES, RULES, UNDERWRITING STANDARDS, AND FORMS
- 32 THAT WILL BE USED IN THE PILOT PROGRAM;
- 33 ~~(II)~~ ANY CRITERIA IN ADDITION TO THE INSURER'S RULES AND
- 34 UNDERWRITING STANDARDS THAT WILL BE USED TO RESTRICT ELIGIBILITY FOR
- 35 THE PILOT PROGRAM; AND

1 (III) THE TIME PERIOD DURING WHICH THE PILOT PROGRAM WILL
2 BE CONDUCTED; AND

3 (2) PAY ANY FILING FEES PROVIDED UNDER THIS ARTICLE OR
4 REQUIRED BY THE COMMISSIONER.

5 (D) INFORMATION PROVIDED BY AN INSURER TO THE COMMISSIONER UNDER
6 THIS SECTION SHALL BE CONSIDERED PROPRIETARY INFORMATION AND MAY NOT
7 BE DISCLOSED WITHOUT THE PRIOR CONSENT OF THE INSURER.

8 (E) (1) AN INSURER MAY NOT CONDUCT A PILOT PROGRAM UNTIL THE
9 COMMISSIONER HAS APPROVED THE RATES, RULES, UNDERWRITING STANDARDS,
10 AND FORMS FILED WITH THE COMMISSIONER UNDER SUBSECTION (C) OF THIS
11 SECTION.

12 (2) ANY MODIFICATION OF THE RATES, RULES, UNDERWRITING
13 STANDARDS, AND FORMS INITIALLY APPROVED BY THE COMMISSIONER MUST BE
14 FILED WITH THE COMMISSIONER BEFORE USE.

15 (F) THE COMMISSIONER MAY NOT APPROVE A PILOT PROGRAM FOR WHICH
16 THE SOLE UNDERWRITING STANDARD IS THE NUMBER OF MILES TRAVELED BY THE
17 INSURED MOTOR VEHICLE.

18 (G) A PILOT PROGRAM SHALL REMAIN IN EFFECT FOR THE PERIOD SPECIFIED
19 BY THE INSURER UNDER SUBSECTION (C)(1)(III) OF THIS SECTION UNLESS BEFORE
20 THE END OF THE PERIOD:

21 (1) THE INSURER TERMINATES THE PILOT PROGRAM UNDER
22 SUBSECTION (H) OF THIS SECTION; OR

23 (2) THE COVERAGE OFFERED UNDER THE PILOT PROGRAM IS MADE
24 AVAILABLE BY THE INSURER TO ANY PERSON WHO MEETS THE UNDERWRITING
25 STANDARDS AND OTHER ELIGIBILITY REQUIREMENTS FOR COVERAGE.

26 (H) AN INSURER MAY TERMINATE A PILOT PROGRAM BY SENDING WRITTEN
27 NOTICE BY CERTIFICATE OF MAILING TO EACH PERSON INSURED UNDER THE PILOT
28 PROGRAM AT LEAST 45 DAYS BEFORE THE DATE OF THE PROPOSED TERMINATION,
29 UNLESS THE COMMISSIONER APPROVES A SHORTER NOTICE PERIOD.

30 (I) (1) APPROVAL OF A PILOT PROGRAM BY THE COMMISSIONER SHALL BE
31 CONCLUSIVE EVIDENCE THAT THE PROGRAM SATISFIES THE REQUIREMENTS OF §
32 27-501 OF THIS ARTICLE.

33 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, AN
34 APPROVED PILOT PROGRAM IS EXEMPT FROM §§ 2-202, 2-210, 11-306, 11-307, 11-308,
35 11-309, 11-310, 11-311, 11-313, 11-314, 11-317, 11-318, 11-321, 11-322, 11-323, 11-324,
36 11-325, 11-326, 11-341, 11-342, 11-501, 11-502, 11-503, 27-603, 27-605, 27-606, AND 27-609
37 OF THIS ARTICLE.

1 (3) AN APPROVED PILOT PROGRAM SHALL COMPLY WITH THE
2 PROVISIONS OF § 27-605(D) OF THIS ARTICLE.

3 SECTION 2. AND BE IT FURTHER ENACTED, That, on or before December
4 31 of each year, the Maryland Insurance Commissioner shall report to the Governor
5 and, in accordance with § 2-1246 of the State Government Article, to the General
6 Assembly on pilot programs approved under this Act. The report shall describe each
7 approved pilot program and indicate the time period in which it was or will be
8 conducted. In complying with this section, the Commissioner may include the
9 information in its annual report under § 2-110 of the Insurance Article.

10 SECTION ~~2.~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
11 effect October 1, 2005.