
By: **Senators Brochin, Della, and Klausmeier**
Introduced and read first time: January 19, 2005
Assigned to: Finance

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 and 2004 Supplement)

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.

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

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

- 1 1. the date of the application; or
- 2 2. the proposed effective date of the policy; or
- 3 (ii) on renewal of a policy, the effective date of the renewal.
- 4 (3) The removal of a discount is not a violation of this subsection.

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

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

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

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

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

- 28 (1) is at least 55 years old; and
- 29 (2) within the last 2 years, has completed successfully a course in
30 accident prevention:
 - 31 (i) that is approved by the Motor Vehicle Administration;
 - 32 (ii) that includes classroom instruction or practice driving of the
33 number of hours that the Motor Vehicle Administration requires; and
 - 34 (iii) for which the insured has received a certificate that certifies the
35 completion of the course.

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

5 11-318.

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

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

11 (i) because of a specific claim; or

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

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

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

17 1. the date of the application; or

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

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

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

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

25 (d) For purposes of reclassifying an insured in a classification that entails a
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30 (e) For purposes of reclassifying an insured in a classification that entails a
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34 driving with an alcohol concentration of 0.08 or more under § 16-205.1 of the
35 Transportation Article on record with the Motor Vehicle Administration, as provided
36 in § 16-117(b) of the Transportation Article.

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17 IN A CLASSIFICATION THAT ENTAILS A HIGHER PREMIUM, AN INSURER UNDER AN
18 AUTOMOBILE LIABILITY INSURANCE POLICY MAY NOT CONSIDER AN ACCIDENT IN
19 WHICH THE INSURED WAS NOT AT FAULT.

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