
By: **Chairman, Economic Matters Committee (By Request - Departmental -
Insurance Administration, Maryland)**

Introduced and read first time: January 19, 2006

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Liability Insurance - Exclusion of Named Driver**

3 FOR the purpose of clarifying the scope of certain provisions of law requiring certain
4 insurers to exclude certain individuals from certain liability insurance policies;
5 clarifying that certain insurers may offer to exclude certain individuals from
6 certain policies of motor vehicle liability insurance that otherwise would be
7 canceled, nonrenewed, or subject to a premium increase based on certain factors
8 relating to certain individuals insured under the policies; making certain
9 conforming changes; and generally relating to motor vehicle liability insurance.

10 BY repealing and reenacting, with amendments,

11 Article - Insurance

12 Section 27-606

13 Annotated Code of Maryland

14 (2002 Replacement Volume and 2005 Supplement)

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

17 **Article - Insurance**

18 27-606.

19 (a) (1) (I) This [subsection] PARAGRAPH applies to [an automobile] A
20 PRIVATE PASSENGER MOTOR VEHICLE liability insurance policy issued in the State
21 [to a resident of a household], under which more than one individual is insured.

22 [(2)] (II) If an insurer is authorized under this article to cancel,
23 nonrenew, or increase the premiums on a policy of [automobile] PRIVATE PASSENGER
24 MOTOR VEHICLE liability insurance subject to this [subsection] PARAGRAPH because
25 of the claim experience or driving record of one or more but less than all of the
26 individuals insured under the policy, the insurer, instead of cancellation, nonrenewal,
27 or premium increase, shall offer to continue or renew the insurance, but to exclude all
28 coverage when a motor vehicle is operated by the specifically named excluded

1 individual or individuals whose claim experience or driving record could have
2 justified the cancellation, nonrenewal, or premium increase.

3 (2) (I) THIS PARAGRAPH APPLIES TO A MOTOR VEHICLE LIABILITY
4 INSURANCE POLICY, OTHER THAN A POLICY SUBJECT TO PARAGRAPH (1) OF THIS
5 SUBSECTION, ISSUED IN THE STATE, UNDER WHICH MORE THAN ONE INDIVIDUAL IS
6 INSURED.

7 (II) IF AN INSURER IS AUTHORIZED UNDER THIS ARTICLE TO
8 CANCEL, NONRENEW, OR INCREASE THE PREMIUMS ON A POLICY OF MOTOR
9 VEHICLE LIABILITY INSURANCE SUBJECT TO THIS PARAGRAPH BECAUSE OF THE
10 CLAIM EXPERIENCE OR DRIVING RECORD OF ONE OR MORE BUT LESS THAN ALL OF
11 THE INDIVIDUALS INSURED UNDER THE POLICY, THE INSURER, INSTEAD OF
12 CANCELLATION, NONRENEWAL, OR PREMIUM INCREASE, MAY OFFER TO CONTINUE
13 OR RENEW THE INSURANCE, BUT TO EXCLUDE ALL COVERAGE WHEN A MOTOR
14 VEHICLE IS OPERATED BY THE SPECIFICALLY NAMED EXCLUDED INDIVIDUAL OR
15 INDIVIDUALS WHOSE CLAIM EXPERIENCE OR DRIVING RECORD COULD HAVE
16 JUSTIFIED THE CANCELLATION, NONRENEWAL, OR PREMIUM INCREASE.

17 (b) If an insurer legally could refuse to issue a policy of [automobile] MOTOR
18 VEHICLE liability insurance under which more than one individual is insured because
19 of the claim experience or driving record of one or more but less than all of the
20 individuals applying to be insured under the policy, the insurer may issue the policy
21 but exclude all coverage when a motor vehicle is operated by the specifically named
22 excluded individual or individuals whose claim experience or driving record could
23 have justified the refusal to issue.

24 (c) [The] A policy described in subsection (a) or (b) of this section may be
25 endorsed to exclude specifically all coverage for any of the following when the named
26 excluded driver is operating a motor vehicle covered under the policy whether or not
27 that operation or use was with the express or implied permission of an individual
28 insured under the policy:

29 (1) the excluded operator or user;

30 (2) the vehicle owner;

31 (3) family members residing in the household of the excluded operator or
32 user or vehicle owner; and

33 (4) any other individual, except for the coverage required by §§ 19-505
34 and 19-509 of this article if that coverage is not available under another
35 [automobile] MOTOR VEHICLE policy.

36 (d) The premiums charged on a policy that excludes a named driver or drivers
37 under this section may not reflect the claim experience or driving record of the
38 excluded named driver or drivers.

39 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
40 effect October 1, 2006.

