
By: ~~Delegates Patterson, Goodwin, Benson, Branch, Conroy, Frush, Haynes,~~
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CHAPTER _____

1 AN ACT concerning

2 **Insurance - Automobile Insurance, ~~Automobile Insurance Fraud,~~ and**
3 **Prosecution of Automobile Theft**

4 FOR the purpose of requiring certain insurers that use territory as a factor in
5 establishing automobile insurance rates to submit a statement to the Maryland
6 Insurance Commissioner certifying that the territories used by the insurers
7 have been reviewed within a certain time period and that use of the territories is
8 actuarially justified; requiring the Commissioner to submit a certain report to
9 the General Assembly on or before a certain date of each year; specifying the
10 contents of the report; ~~altering certain provisions of law governing repayment of~~
11 ~~personal injury protection benefits; requiring insurers of certain benefits to~~
12 ~~coordinate certain policies under certain circumstances; authorizing a certain~~
13 ~~named insured to indicate in writing which policy is to be the primary policy for~~
14 ~~purposes of coordinating certain policies; prohibiting a certain named insured~~
15 ~~from recovering certain benefits from a third party or the third party's liability~~
16 ~~insurer under certain circumstances; establishing the Automobile Insurance~~
17 ~~Fraud and Automobile Theft Unit in the Office of the Attorney General;~~
18 ~~providing for the purpose of the Unit; establishing the duties of the Unit;~~
19 ~~requiring the Office of the Attorney General to include in its annual budget~~
20 ~~sufficient money for the administration and operation of the Unit; requiring the~~
21 ~~Attorney General to request the Secretary of State Police to assign a certain~~
22 ~~number of State Police officers to work with the Unit; providing for the~~
23 ~~application of this Act requiring the Insurance Fraud Division in the Maryland~~
24 ~~Insurance Administration to assist local and State law enforcement agencies in~~
25 ~~the prosecution of automobile theft; and generally relating to automobile~~

1 insurance, ~~automobile insurance fraud, and~~ and the assistance by the Insurance
2 Fraud Division in the prosecution of automobile theft.

3 BY repealing and reenacting, without amendments,

4 Article - Insurance
5 Section 2-402
6 Annotated Code of Maryland
7 (2003 Replacement Volume and 2005 Supplement)

8 BY repealing and reenacting, with amendments,

9 Article - Insurance
10 Section 2-405
11 Annotated Code of Maryland
12 (2003 Replacement Volume and 2005 Supplement)

13 BY adding to

14 Article - Insurance
15 Section 11-216, 11-319, and 11-339
16 Annotated Code of Maryland
17 (2003 Replacement Volume and 2005 Supplement)

18 ~~BY repealing and reenacting, with amendments,~~

19 ~~Article - Insurance~~
20 ~~Section 19-507~~
21 ~~Annotated Code of Maryland~~
22 ~~(2002 Replacement Volume and 2005 Supplement)~~

23 ~~BY adding to~~

24 ~~Article - State Government~~
25 ~~Section 6-501 and 6-502 to be under the new subtitle "Subtitle 5. Automobile~~
26 ~~Insurance Fraud and Automobile Theft Unit"~~
27 ~~Annotated Code of Maryland~~
28 ~~(2004 Replacement Volume and 2005 Supplement)~~

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

31 **Article - Insurance**

32 2-402.

33 There is an Insurance Fraud Division in the Administration.

1 2-405.

2 The Fraud Division:

3 (1) has the authority to investigate each person suspected of engaging in
4 insurance fraud;

5 (2) if appropriate after an investigation:

6 (i) shall refer suspected cases of insurance fraud to the Office of
7 the Attorney General or appropriate local State's Attorney to prosecute the person
8 criminally for insurance fraud;

9 (ii) shall notify the appropriate professional licensing board or
10 disciplinary body of evidence of insurance fraud that involves professionals;

11 (iii) shall notify the appropriate professional licensing board of
12 evidence of gross overutilization of health care services; [and]

13 (iv) shall notify the Workers' Compensation Commission of
14 suspected cases of insurance fraud referred to the Office of the Attorney General or
15 appropriate local State's Attorney under subparagraph (i) of this paragraph that
16 involve the payment of compensation, fees, or expenses under the Workers'
17 Compensation Law; AND

18 (V) SHALL ASSIST LOCAL AND STATE LAW ENFORCEMENT
19 AGENCIES IN THE PROSECUTION OF AUTOMOBILE THEFT;

20 (3) shall compile and abstract information that includes the number of
21 confirmed acts of insurance fraud and the type of acts of insurance fraud;

22 (4) in exercising its authority under this subtitle, shall cooperate with
23 the Department of State Police, Office of the Attorney General, local State's Attorney
24 in the jurisdiction in which the alleged acts of insurance fraud took place, and
25 appropriate federal and local law enforcement authorities;

26 (5) shall operate or provide for a toll-free insurance fraud hot line to
27 receive and record information about alleged acts of insurance fraud; and

28 (6) in cooperation with the Office of the Attorney General and
29 Department of State Police, shall conduct public outreach and awareness programs
30 on the costs of insurance fraud to the public.

31 11-216.

32 AN INSURER THAT USES TERRITORY AS A FACTOR IN ESTABLISHING
33 AUTOMOBILE INSURANCE RATES SHALL SUBMIT A STATEMENT TO THE
34 COMMISSIONER CERTIFYING THAT:

35 (1) THE TERRITORIES USED BY THE INSURER HAVE BEEN REVIEWED
36 WITHIN THE PREVIOUS 3 YEARS; AND

1 (2) USE OF THE TERRITORIES IS ACTUARIALLY JUSTIFIED.

2 11-319.

3 AN INSURER THAT USES TERRITORY AS A FACTOR IN ESTABLISHING
4 AUTOMOBILE INSURANCE RATES SHALL SUBMIT A STATEMENT TO THE
5 COMMISSIONER CERTIFYING THAT:

6 (1) THE TERRITORIES USED BY THE INSURER HAVE BEEN REVIEWED
7 WITHIN THE PREVIOUS 3 YEARS; AND

8 (2) USE OF THE TERRITORIES IS ACTUARIALLY JUSTIFIED.

9 11-339.

10 (A) ON OR BEFORE JULY 1 OF EACH YEAR, THE COMMISSIONER SHALL SUBMIT
11 A REPORT, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO
12 THE GENERAL ASSEMBLY ABOUT THE USE OF TERRITORY AS A FACTOR IN
13 ESTABLISHING PRIVATE PASSENGER AUTOMOBILE INSURANCE RATES BY INSURERS
14 AND THE MARYLAND AUTOMOBILE INSURANCE FUND.

15 (B) THE REPORT SHALL PROVIDE INFORMATION ON:

16 (1) THE NUMBER OF INSURERS ACTIVELY ENGAGED IN PROVIDING
17 PRIVATE PASSENGER AUTOMOBILE INSURANCE COVERAGE IN THE STATE; AND

18 (2) THE NUMBER OF INSURERS THAT USE TERRITORY AS A FACTOR IN
19 ESTABLISHING PRIVATE PASSENGER AUTOMOBILE INSURANCE RATES.

20 ~~19-507.~~

21 ~~(a) [The] EXCEPT AS PROVIDED IN SUBSECTIONS (B) AND (C) OF THIS~~
22 ~~SECTION, THE benefits described in § 19-505 of this subtitle shall be payable without~~
23 ~~regard to:~~

24 ~~(1) the fault or nonfault of the named insured or the recipient of benefits~~
25 ~~in causing or contributing to the motor vehicle accident; and~~

26 ~~(2) any collateral source of medical, hospital, or wage continuation~~
27 ~~benefits.~~

28 ~~(b) (1) Subject to paragraph (2) of this subsection, if the insured has both~~
29 ~~coverage for the benefits described in § 19-505 of this subtitle and a collateral source~~
30 ~~of medical, hospital, or wage continuation benefits, the insurer or insurers [may]~~
31 ~~SHALL coordinate the policies to provide for nonduplication of benefits, subject to~~
32 ~~appropriate reductions in premiums for one or both of the policies approved by the~~
33 ~~Commissioner.~~

34 ~~(2) The named insured may[:~~

1 (i) elect to coordinate the policies by indicating] INDICATE in
2 writing which policy is to be the primary policy[; or

3 (ii) reject the coordination of policies and nonduplication of
4 benefits].

5 (e) ~~A NAMED INSURED MAY NOT RECOVER FROM A THIRD PARTY OR THE
6 THIRD PARTY'S LIABILITY INSURER ANY BENEFITS THAT DUPLICATE THE BENEFITS
7 RECEIVED BY THE NAMED INSURED UNDER § 19-505 OF THIS SUBTITLE.~~

8 (D) An insurer that issues a policy that contains the coverage described in §
9 19-505 of this subtitle may not impose a surcharge for a claim or payment made
10 under that coverage and, at the time the policy is issued, shall notify the policyholder
11 in writing that a surcharge may not be imposed for a claim or payment made under
12 that coverage.

13 [(d)] (E) An insurer that provides the benefits described in § 19-505 of this
14 subtitle does not have a right of subrogation and does not have a claim against any
15 other person or insurer to recover any benefits paid because of the alleged fault of the
16 other person in causing or contributing to a motor vehicle accident.

17 **Article – State Government**

18 **SUBTITLE 5. AUTOMOBILE INSURANCE FRAUD AND AUTOMOBILE THEFT UNIT.**

19 ~~6-501.~~

20 (A) ~~THERE IS AN AUTOMOBILE INSURANCE FRAUD AND AUTOMOBILE THEFT
21 UNIT IN THE OFFICE OF THE ATTORNEY GENERAL.~~

22 (B) ~~THE PURPOSE OF THE UNIT IS TO DETECT, PREVENT, DETER, AND REDUCE
23 AUTOMOBILE INSURANCE FRAUD AND AUTOMOBILE THEFT IN THE STATE.~~

24 (C) ~~THE UNIT SHALL:~~

25 (1) ~~ASSESS THE SCOPE OF AUTOMOBILE INSURANCE FRAUD AND
26 AUTOMOBILE THEFT IN THE STATE, INCLUDING A REGIONAL ANALYSIS OF THE
27 INCIDENCE OF AUTOMOBILE INSURANCE FRAUD AND AUTOMOBILE THEFT;~~

28 (2) ~~IDENTIFY AND ANALYZE THE EFFECTIVENESS OF THE METHODS
29 AVAILABLE TO DETECT, PREVENT, DETER, AND REDUCE AUTOMOBILE INSURANCE
30 FRAUD AND AUTOMOBILE THEFT IN THE STATE;~~

31 (3) ~~DEVELOP A PLAN OF OPERATION, IN COORDINATION WITH LOCAL
32 AND STATE LAW ENFORCEMENT AGENCIES AND LOCAL STATE'S ATTORNEYS, TO
33 REDUCE AUTOMOBILE INSURANCE FRAUD AND AUTOMOBILE THEFT IN THE STATE;
34 AND~~

35 (4) ~~INVESTIGATE AND ASSIST IN THE PROSECUTION OF AUTOMOBILE
36 INSURANCE FRAUD AND AUTOMOBILE THEFT.~~

1 ~~6-502.~~

2 (A) ~~THE OFFICE OF THE ATTORNEY GENERAL SHALL INCLUDE IN ITS ANNUAL~~
3 ~~BUDGET SUFFICIENT MONEY FOR THE ADMINISTRATION AND OPERATION OF THE~~
4 ~~UNIT.~~

5 (B) ~~THE ATTORNEY GENERAL SHALL REQUEST THE SECRETARY OF STATE~~
6 ~~POLICE TO ASSIGN ONE OR MORE STATE POLICE OFFICERS TO WORK IN~~
7 ~~COORDINATION WITH THE UNIT.~~

8 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the changes made to §~~
9 ~~19-507 of the Insurance Article under Section 1 of this Act shall apply to all claims for~~
10 ~~the benefits described in § 19-505 of the Insurance Article made under policies~~
11 ~~issued, delivered, or renewed in the State on or after the effective date of this Act.~~

12 SECTION ~~3.~~ 2. AND BE IT FURTHER ENACTED, That this Act shall take
13 effect October 1, 2006.