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By: **Senator Gladden**

Introduced and read first time: February 23, 2006

Assigned to: Rules

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A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Automobile Insurance, Automobile Insurance Fraud, and**  
3 **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; and generally relating to automobile insurance,  
24 automobile insurance fraud, and automobile theft.

25 BY adding to  
26 Article - Insurance  
27 Section 11-216, 11-319, and 11-339  
28 Annotated Code of Maryland  
29 (2003 Replacement Volume and 2005 Supplement)

30 BY repealing and reenacting, with amendments,  
31 Article - Insurance  
32 Section 19-507

1 Annotated Code of Maryland  
2 (2002 Replacement Volume and 2005 Supplement)

3 BY adding to  
4 Article - State Government  
5 Section 6-501 and 6-502 to be under the new subtitle "Subtitle 5. Automobile  
6 Insurance Fraud and Automobile Theft Unit"  
7 Annotated Code of Maryland  
8 (2004 Replacement Volume and 2005 Supplement)

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

11 **Article - Insurance**

12 11-216.

13 AN INSURER THAT USES TERRITORY AS A FACTOR IN ESTABLISHING  
14 AUTOMOBILE INSURANCE RATES SHALL SUBMIT A STATEMENT TO THE  
15 COMMISSIONER CERTIFYING THAT:

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

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

19 11-319.

20 AN INSURER THAT USES TERRITORY AS A FACTOR IN ESTABLISHING  
21 AUTOMOBILE INSURANCE RATES SHALL SUBMIT A STATEMENT TO THE  
22 COMMISSIONER CERTIFYING THAT:

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

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

26 11-339.

27 (A) ON OR BEFORE JULY 1 OF EACH YEAR, THE COMMISSIONER SHALL SUBMIT  
28 A REPORT, IN ACCORDANCE WITH § 2-1246 OF THE STATE GOVERNMENT ARTICLE, TO  
29 THE GENERAL ASSEMBLY ABOUT THE USE OF TERRITORY AS A FACTOR IN  
30 ESTABLISHING AUTOMOBILE INSURANCE RATES BY INSURERS AND THE MARYLAND  
31 AUTOMOBILE INSURANCE FUND.

32 (B) THE REPORT SHALL PROVIDE INFORMATION ON:

33 (1) THE NUMBER OF INSURERS ACTIVELY ENGAGED IN PROVIDING  
34 AUTOMOBILE INSURANCE COVERAGE IN THE STATE; AND

1 (2) THE NUMBER OF INSURERS THAT USE TERRITORY AS A FACTOR IN  
2 ESTABLISHING AUTOMOBILE INSURANCE RATES.

3 19-507.

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

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

9 (2) any collateral source of medical, hospital, or wage continuation  
10 benefits.

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

17 (2) The named insured may[:

18 (i) elect to coordinate the policies by indicating] INDICATE in  
19 writing which policy is to be the primary policy[: or

20 (ii) reject the coordination of policies and nonduplication of  
21 benefits].

22 (c) A NAMED INSURED MAY NOT RECOVER FROM A THIRD PARTY OR THE  
23 THIRD PARTY'S LIABILITY INSURER ANY BENEFITS THAT DUPLICATE THE BENEFITS  
24 RECEIVED BY THE NAMED INSURED UNDER § 19-505 OF THIS SUBTITLE.

25 (D) An insurer that issues a policy that contains the coverage described in §  
26 19-505 of this subtitle may not impose a surcharge for a claim or payment made  
27 under that coverage and, at the time the policy is issued, shall notify the policyholder  
28 in writing that a surcharge may not be imposed for a claim or payment made under  
29 that coverage.

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

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**Article - State Government**

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## SUBTITLE 5. AUTOMOBILE INSURANCE FRAUD AND AUTOMOBILE THEFT UNIT.

3 6-501.

4 (A) THERE IS AN AUTOMOBILE INSURANCE FRAUD AND AUTOMOBILE THEFT  
5 UNIT IN THE OFFICE OF THE ATTORNEY GENERAL.

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

8 (C) THE UNIT SHALL:

9 (1) ASSESS THE SCOPE OF AUTOMOBILE INSURANCE FRAUD AND  
10 AUTOMOBILE THEFT IN THE STATE, INCLUDING A REGIONAL ANALYSIS OF THE  
11 INCIDENCE OF AUTOMOBILE INSURANCE FRAUD AND AUTOMOBILE THEFT;

12 (2) IDENTIFY AND ANALYZE THE EFFECTIVENESS OF THE METHODS  
13 AVAILABLE TO DETECT, PREVENT, DETER, AND REDUCE AUTOMOBILE INSURANCE  
14 FRAUD AND AUTOMOBILE THEFT IN THE STATE;

15 (3) DEVELOP A PLAN OF OPERATION, IN COORDINATION WITH LOCAL  
16 AND STATE LAW ENFORCEMENT AGENCIES AND LOCAL STATE'S ATTORNEYS, TO  
17 REDUCE AUTOMOBILE INSURANCE FRAUD AND AUTOMOBILE THEFT IN THE STATE;  
18 AND

19 (4) INVESTIGATE AND ASSIST IN THE PROSECUTION OF AUTOMOBILE  
20 INSURANCE FRAUD AND AUTOMOBILE THEFT.

21 6-502.

22 (A) THE OFFICE OF THE ATTORNEY GENERAL SHALL INCLUDE IN ITS ANNUAL  
23 BUDGET SUFFICIENT MONEY FOR THE ADMINISTRATION AND OPERATION OF THE  
24 UNIT.

25 (B) THE ATTORNEY GENERAL SHALL REQUEST THE SECRETARY OF STATE  
26 POLICE TO ASSIGN ONE OR MORE STATE POLICE OFFICERS TO WORK IN  
27 COORDINATION WITH THE UNIT.

28 SECTION 2. AND BE IT FURTHER ENACTED, That the changes made to §  
29 19-507 of the Insurance Article under Section 1 of this Act shall apply to all claims for  
30 the benefits described in § 19-505 of the Insurance Article made under policies  
31 issued, delivered, or renewed in the State on or after the effective date of this Act.

32 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
33 October 1, 2006.