

HOUSE BILL 1187

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

Introduced and read first time: February 21, 2007

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of altering the scope of certain provisions of law that require certain
4 insurers to offer to exclude certain individuals from certain liability insurance
5 policies; requiring certain insurers to offer to exclude certain individuals from a
6 private passenger motor vehicle liability insurance policy instead of canceling,
7 refusing to renew, or increasing the premiums on the policy; providing that,
8 except for private passenger policies, certain insurers may, but are not required
9 to, offer to exclude certain individuals from a policy of motor vehicle liability
10 insurance instead of canceling, refusing to renew, or increasing the premiums
11 on the policy; making clarifying and conforming changes; and generally relating
12 to motor vehicle liability insurance.

13 BY repealing and reenacting, with amendments,
14 Article - Insurance
15 Section 27-609
16 Annotated Code of Maryland
17 (2006 Replacement Volume and 2006 Supplement)

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

20 **Article - Insurance**

21 27-609.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

4 [(2)] (II) If an insurer is authorized under this article to cancel,
5 nonrenew, or increase the premiums on a policy of [automobile] **PRIVATE**
6 **PASSENGER MOTOR VEHICLE** liability insurance subject to this [subsection]
7 **PARAGRAPH** because of the claim experience or driving record of one or more but less
8 than all of the individuals insured under the policy, the insurer, instead of
9 cancellation, nonrenewal, or premium increase, shall offer to continue or renew the
10 insurance, but to exclude all coverage when a motor vehicle is operated by the
11 specifically named excluded individual or individuals whose claim experience or
12 driving record could have justified the cancellation, nonrenewal, or premium increase.

13 (2) (I) **THIS PARAGRAPH APPLIES TO A MOTOR VEHICLE**
14 **LIABILITY INSURANCE POLICY ISSUED IN THE STATE, OTHER THAN A POLICY**
15 **SUBJECT TO PARAGRAPH (1) OF THIS SUBSECTION, UNDER WHICH MORE THAN**
16 **ONE INDIVIDUAL IS INSURED.**

17 (II) **IF AN INSURER IS AUTHORIZED UNDER THIS ARTICLE**
18 **TO CANCEL, NONRENEW, OR INCREASE THE PREMIUMS ON A POLICY OF MOTOR**
19 **VEHICLE LIABILITY INSURANCE SUBJECT TO THIS PARAGRAPH BECAUSE OF**
20 **THE CLAIM EXPERIENCE OR DRIVING RECORD OF ONE OR MORE BUT LESS THAN**
21 **ALL OF THE INDIVIDUALS INSURED UNDER THE POLICY, THE INSURER, INSTEAD**
22 **OF CANCELLATION, NONRENEWAL, OR PREMIUM INCREASE, MAY OFFER TO**
23 **CONTINUE OR RENEW THE INSURANCE, BUT TO EXCLUDE ALL COVERAGE WHEN**
24 **A MOTOR VEHICLE IS OPERATED BY THE SPECIFICALLY NAMED EXCLUDED**
25 **INDIVIDUAL OR INDIVIDUALS WHOSE CLAIM EXPERIENCE OR DRIVING RECORD**
26 **COULD HAVE JUSTIFIED THE CANCELLATION, NONRENEWAL, OR PREMIUM**
27 **INCREASE.**

28 (b) If an insurer legally could refuse to issue a policy of [automobile] **MOTOR**
29 **VEHICLE** liability insurance under which more than one individual is insured because
30 of the claim experience or driving record of one or more but less than all of the
31 individuals applying to be insured under the policy, the insurer may issue the policy
32 but exclude all coverage when a motor vehicle is operated by the specifically named
33 excluded individual or individuals whose claim experience or driving record could have
34 justified the refusal to issue.

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

6 (1) the excluded operator or user;

7 (2) the vehicle owner;

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

10 (4) any other [individual] **PERSON**, except for the coverage required
11 by §§ 19–505 and 19–509 of this article if that coverage is not available under another
12 [automobile] **MOTOR VEHICLE** policy.

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

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
17 October 1, 2007.