

CHAPTER 88

(House Bill 1187)

AN ACT concerning

Motor Vehicle Liability Insurance – Exclusion of Named Driver

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

BY repealing and reenacting, with amendments,
 Article – Insurance
 Section 27–609
 Annotated Code of Maryland
 (2006 Replacement Volume and 2006 Supplement)

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

Article – Insurance

27–609.

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

[(2)] (II) If an insurer is authorized under this article to cancel, nonrenew, or increase the premiums on a policy of [automobile] **PRIVATE PASSENGER MOTOR VEHICLE** liability insurance subject to this [subsection] **PARAGRAPH** because of the claim experience or driving record of one or more but less than all of the individuals insured under the policy, the insurer, instead of

cancellation, nonrenewal, or premium increase, shall offer to continue or renew the insurance, but to exclude all coverage when a motor vehicle is operated by the specifically named excluded individual or individuals whose claim experience or driving record could have justified the cancellation, nonrenewal, or premium increase.

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

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

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

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

- (1) the excluded operator or user;
- (2) the vehicle owner;

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

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

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

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

Approved by the Governor, April 10, 2007.