

**Department of Legislative Services**  
Maryland General Assembly  
2007 Session

**FISCAL AND POLICY NOTE**

House Bill 1187 (Chair, Economic Matters Committee) (By Request –  
Departmental – Insurance Administration, Maryland)

Economic Matters

Finance

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

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This departmental bill authorizes an insurer, under a commercial motor vehicle liability policy, to offer to continue or renew coverage but specifically exclude a named driver from coverage if the insurer would otherwise be authorized to cancel, not renew, or increase the premium on the policy because of the claims experience or driving record of one or more drivers covered under the policy.

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**Fiscal Summary**

**State Effect:** None. The bill codifies existing practice and current law as interpreted by the Court of Appeals.

**Local Effect:** None.

**Small Business Effect:** The Maryland Insurance Administration (MIA) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

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**Analysis**

**Current Law:** For a motor vehicle liability insurance policy issued in the State to a resident of a household under which more than one individual is insured, the insurer must offer to continue or renew the policy, but specifically exclude a named driver from coverage, if the insurer would otherwise be authorized to cancel, not renew, or increase

the premium on the policy because of the claims experience or driving record of one or more drivers covered under the policy.

In *Harleysville Mutual Ins. Co. v. Zelinski*, 393 Md. 83 (2006), the Court of Appeals overturned a decision by the Court of Special Appeals and held that a named driver may be excluded from a commercial motor vehicle insurance policy.

**Background:** MIA advises that prior to the decision of the Court of Special Appeals in *Zelinski v. Townsend*, 163 Md. App. 211 (2005), it had been interpreting Maryland's insurance laws as authorizing commercial motor vehicle insurance policies to exclude named drivers from coverage in the manner authorized under the bill. The bill codifies the decision of the Court of Appeals in overturning the Court of Special Appeals in the *Zelinski* case.

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### **Additional Information**

**Prior Introductions:** A substantially similar bill, HB 164 of 2006, received a hearing in the House Economic Matters Committee but no further action was taken.

**Cross File:** None.

**Information Source(s):** Maryland Automobile Insurance Fund, Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - March 12, 2007  
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