

HOUSE BILL 392

C4

3lr0109

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

Introduced and read first time: January 25, 2013

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Liability Insurance – Personal Injury Protection Coverage –**
3 **Prohibition on Premium Increase**

4 FOR the purpose of prohibiting an insurer that issues a motor vehicle liability
5 insurance policy that contains personal injury protection coverage from
6 increasing the premium on the policy due to a claim or payment made under
7 that coverage; requiring the insurer, at the time the policy is issued, to notify
8 the policyholder in writing that the insurer may not increase the premium on
9 the policy due to a claim made under the policy's personal injury protection
10 coverage; defining "increase the premium" to include an increase in total
11 premium for a policy due to a surcharge, retiering or other reclassification of the
12 policy, or removal or reduction of a discount; making certain stylistic and
13 conforming changes; providing for the application of this Act; and generally
14 relating to motor vehicle liability insurance and personal injury protection
15 coverage.

16 BY repealing and reenacting, with amendments,
17 Article – Insurance
18 Section 19–507
19 Annotated Code of Maryland
20 (2011 Replacement Volume and 2012 Supplement)

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

23 **Article – Insurance**

24 19–507.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (a) The benefits described in § 19–505 of this subtitle shall be payable
2 without regard to:

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

5 (2) any collateral source of medical, hospital, or wage continuation
6 benefits.

7 (b) (1) Subject to paragraph (2) of this subsection, if the insured has both
8 coverage for the benefits described in § 19–505 of this subtitle and a collateral source
9 of medical, hospital, or wage continuation benefits, the insurer or insurers may
10 coordinate the policies to provide for nonduplication of benefits, subject to appropriate
11 reductions in premiums for one or both of the policies approved by the Commissioner.

12 (2) The named insured may:

13 (i) elect to coordinate the policies by indicating in writing which
14 policy is to be the primary policy; or

15 (ii) reject the coordination of policies and nonduplication of
16 benefits.

17 (c) **(1) IN THIS SUBSECTION, “INCREASE THE PREMIUM” INCLUDES**
18 **AN INCREASE IN TOTAL PREMIUM FOR A POLICY DUE TO:**

19 **(I) A SURCHARGE;**

20 **(II) RETIERING OR OTHER RECLASSIFICATION OF THE**
21 **POLICY; OR**

22 **(III) REMOVAL OR REDUCTION OF A DISCOUNT.**

23 **(2) An insurer that issues a policy that contains the coverage**
24 **described in § 19–505 of this subtitle:**

25 **(I) may not [impose a surcharge or retier] INCREASE THE**
26 **PREMIUM ON the policy [for] DUE TO a claim or payment made under that coverage**
27 **[and,]; AND**

28 **(II) at the time the policy is issued, shall notify the policyholder**
29 **in writing that [a surcharge may not be imposed and the policy may not be retiered**
30 **for] THE INSURER MAY NOT INCREASE THE PREMIUM ON THE POLICY DUE TO a**
31 **claim or payment made under that coverage.**

1 (d) An insurer that provides the benefits described in § 19–505 of this
2 subtitle does not have a right of subrogation and does not have a claim against any
3 other person or insurer to recover any benefits paid because of the alleged fault of the
4 other person in causing or contributing to a motor vehicle accident.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
6 policies of motor vehicle insurance issued, delivered, or renewed in the State on or
7 after October 1, 2013.

8 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 October 1, 2013.