

SENATE BILL 950

C4

3lr3091

By: **Senator Mathias**

Introduced and read first time: February 14, 2013

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Personal Automobile Insurance – Rescission of Policy or Binder –**
3 **Misrepresentations by Applicant**

4 FOR the purpose of authorizing an insurer to rescind a policy or binder of personal
5 automobile insurance if an applicant makes certain misrepresentations;
6 requiring the insurer to provide certain notice to an applicant that certain
7 insurance coverage may be rescinded under certain circumstances; requiring an
8 insurer to take certain actions before rescinding certain insurance coverage;
9 providing for the application of this Act; and generally relating to rescission of a
10 policy or binder of personal automobile insurance.

11 BY adding to
12 Article – Insurance
13 Section 12–106(k)
14 Annotated Code of Maryland
15 (2011 Replacement Volume and 2012 Supplement)

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

18 **Article – Insurance**

19 12–106.

20 **(K) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION,**
21 **AN INSURER MAY RESCIND A POLICY OR BINDER OF PERSONAL AUTOMOBILE**
22 **INSURANCE IF AN APPLICANT MISREPRESENTS THAT:**

23 **(I) A MOTOR VEHICLE COVERED UNDER THE POLICY OR**
24 **BINDER IS PRINCIPALLY GARAGED AT A SPECIFIC LOCATION IN THE STATE; OR**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 **(II) AN OWNER OR OPERATOR OF A MOTOR VEHICLE**
2 **COVERED UNDER THE POLICY OR BINDER RESIDES IN THE STATE.**

3 **(2) AT THE TIME OF APPLICATION FOR A POLICY OF PERSONAL**
4 **AUTOMOBILE INSURANCE, THE INSURER SHALL PROVIDE WRITTEN NOTICE TO**
5 **THE APPLICANT THAT COVERAGE UNDER THE POLICY MAY BE RESCINDED IF**
6 **THE APPLICANT MAKES A MISREPRESENTATION DESCRIBED IN PARAGRAPH (1)**
7 **OF THIS SUBSECTION.**

8 **(3) BEFORE RESCINDING COVERAGE UNDER PARAGRAPH (1) OF**
9 **THIS SUBSECTION, AN INSURER SHALL:**

10 **(I) APPLY UNDERWRITING STANDARDS THAT CLEARLY**
11 **STATE THE INELIGIBILITY OF A RISK DESCRIBED IN PARAGRAPH (1) OF THIS**
12 **SUBSECTION; AND**

13 **(II) CONDUCT A REASONABLE INVESTIGATION TO CONFIRM**
14 **THAT AN APPLICANT HAS MADE A MISREPRESENTATION DESCRIBED IN**
15 **PARAGRAPH (1) OF THIS SUBSECTION.**

16 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
17 policies and binders of personal automobile insurance issued or delivered in the State
18 on or after October 1, 2013.

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