

HOUSE BILL 1172

R7, C4
HB 730/14 – ECM

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CF SB 751

By: Delegates Valderrama, Barkley, Adams, Branch, Brooks, Davis, Impallaria, Jameson, and Vaughn Vaughn, Aumann, Buckel, Clippinger, Lisanti, Luedtke, McCray, S. Robinson, Waldstreicher, and West

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Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: April 7, 2016

CHAPTER _____

1 AN ACT concerning

2 Private Passenger Motor Vehicle Laws – Rental Vehicle Companies – Right of
3 Subrogation Liability Insurance – Enhanced Underinsured Motorist Coverage

4 FOR the purpose of ~~establishing that a rental vehicle company or its designee has a certain~~
5 ~~right of subrogation against certain persons, including a person who rents a motor~~
6 ~~vehicle, for certain property damage, personal injury, and wrongful death claims~~
7 ~~paid by the rental vehicle company or the designee that arose out of the use or~~
8 ~~operation of the motor vehicle; requiring a rental vehicle company that receives a~~
9 ~~third party claim to provide a certain notice of the claim; authorizing an insurer to~~
10 ~~assume the handling of a certain claim; requiring a rental vehicle company to handle~~
11 ~~a claim until a certain insurer assumes the handling of the claim; prohibiting a rental~~
12 ~~vehicle company from seeking certain recovery or reimbursement in certain~~
13 ~~circumstances; establishing that this Act applies only to certain claims~~ authorizing
14 a certain insured to elect to obtain certain enhanced underinsured motorist coverage,
15 instead of certain uninsured motorist coverage, under a private passenger motor
16 vehicle liability insurance policy under certain circumstances; requiring certain
17 insurers to offer certain enhanced underinsured motorist coverage under certain
18 circumstances; providing for the characteristics of the enhanced underinsured
19 motorist coverage, including the amounts of the coverage, what an insurer may
20 exclude from the coverage, and the limits of liability under the coverage; requiring
21 an injured person and a certain insurer to take certain actions regarding a certain
22 settlement offer under certain circumstances; establishing a certain exception to a
23 certain limitation on duplicate or supplemental recovery of certain benefits; defining

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 a certain term; providing for the application of this Act; and generally relating to
 2 rental private passenger motor vehicle companies and rights of subrogation liability
 3 insurance and enhanced underinsured motorist coverage.

4 BY renumbering

5 Article – Insurance

6 Section 19–509.1

7 to be Section 19–509.2

8 Annotated Code of Maryland

9 (2011 Replacement Volume and 2015 Supplement)

10 BY repealing and reenacting, with amendments,

11 Article – Insurance

12 Section 19–509, 19–510, 19–511, and 19–513

13 Annotated Code of Maryland

14 (2011 Replacement Volume and 2015 Supplement)

15 BY adding to

16 Article – Insurance

17 Section 19–509.1 and 19–511.1

18 Annotated Code of Maryland

19 (2011 Replacement Volume and 2015 Supplement)

20 BY repealing and reenacting, with amendments,

21 Article – Insurance

22 Section 19–509.2

23 Annotated Code of Maryland

24 (2011 Replacement Volume and 2015 Supplement)

25 (As enacted by Section 1 of this Act)

26 BY repealing and reenacting, ~~without~~ with amendments,

27 Article – Transportation

28 Section ~~18–108(a)~~ 17–103(b)

29 Annotated Code of Maryland

30 (2012 Replacement Volume and 2015 Supplement)

31 ~~BY adding to~~

32 ~~Article – Transportation~~

33 ~~Section 18–108(f)~~

34 ~~Annotated Code of Maryland~~

35 ~~(2012 Replacement Volume and 2015 Supplement)~~

36 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
 37 That Section(s) 19–509.1 of Article – Insurance of the Annotated Code of Maryland be
 38 renumbered to be Section(s) 19–509.2.

1 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read
 2 as follows:

3 Article – Insurance

4 19–509.

5 (a) In this section, “uninsured motor vehicle” means a motor vehicle:

6 (1) the ownership, maintenance, or use of which has resulted in the bodily
 7 injury or death of an insured; and

8 (2) for which the sum of the limits of liability under all valid and collectible
 9 liability insurance policies, bonds, and securities applicable to bodily injury or death:

10 (i) is less than the amount of coverage provided under this section;
 11 or

12 (ii) has been reduced by payment to other persons of claims arising
 13 from the same occurrence to an amount less than the amount of coverage provided under
 14 this section.

15 (b) The uninsured motorist coverage required by this section does not apply to a
 16 motor vehicle liability insurance policy:

17 (1) that insures a motor vehicle that:

18 [(1)] (I) is not subject to registration under § 13–402 of the
 19 Transportation Article because it is not driven on a highway; or

20 [(2)] (II) is exempt from registration under § 13–402(c)(10) of the
 21 Transportation Article; OR

22 (2) WHEN THE FIRST NAMED INSURED UNDER A POLICY OR BINDER
 23 OF PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE HAS ELECTED TO
 24 OBTAIN ENHANCED UNDERINSURED MOTORIST COVERAGE UNDER § 19–509.1 OF
 25 THIS SUBTITLE INSTEAD OF THE UNINSURED MOTORIST COVERAGE REQUIRED
 26 UNDER THIS SECTION.

27 (c) In addition to any other coverage required by this subtitle, each motor vehicle
 28 liability insurance policy issued, sold, or delivered in the State after July 1, 1975, shall
 29 contain coverage for damages, subject to the policy limits, that:

30 (1) the insured is entitled to recover from the owner or operator of an
 31 uninsured motor vehicle because of bodily injuries sustained in a motor vehicle accident
 32 arising out of the ownership, maintenance, or use of the uninsured motor vehicle; and

1 (2) a surviving relative of the insured, who is described in § 3–904 of the
2 Courts Article, is entitled to recover from the owner or operator of an uninsured motor
3 vehicle because the insured died as the result of a motor vehicle accident arising out of the
4 ownership, maintenance, or use of the uninsured motor vehicle.

5 (d) The uninsured motorist coverage required by this section shall be in the form
6 and subject to the conditions that the Commissioner approves.

7 (e) (1) The uninsured motorist coverage contained in a motor vehicle liability
8 insurance policy:

9 (i) shall at least equal:

10 1. the amounts required by Title 17 of the Transportation
11 Article; and

12 2. the coverage provided to a qualified person under Title 20,
13 Subtitle 6 of this article; and

14 (ii) may not exceed the amount of liability coverage provided under
15 the policy.

16 (2) Unless waived in accordance with § 19–510 of this subtitle, the amount
17 of uninsured motorist coverage provided under a private passenger motor vehicle liability
18 insurance policy shall equal the amount of liability coverage provided under the policy.

19 (f) An insurer may exclude from the uninsured motorist coverage required by this
20 section benefits for:

21 (1) the named insured or a family member of the named insured who
22 resides in the named insured’s household for an injury that occurs when the named insured
23 or family member is occupying or is struck as a pedestrian by an uninsured motor vehicle
24 that is owned by the named insured or an immediate family member of the named insured
25 who resides in the named insured’s household; and

26 (2) the named insured, a family member of the named insured who resides
27 in the named insured’s household, and any other individual who has other applicable motor
28 vehicle insurance for an injury that occurs when the named insured, family member, or
29 other individual is occupying or is struck as a pedestrian by the insured motor vehicle while
30 the motor vehicle is operated or used by an individual who is excluded from coverage under
31 § 27–609 of this article.

32 (g) The limit of liability for an insurer that provides uninsured motorist coverage
33 under this section is the amount of that coverage less the amount paid to the insured, that
34 exhausts any applicable liability insurance policies, bonds, and securities, on behalf of any
35 person that may be held liable for the bodily injuries or death of the insured.

1 (h) (1) A policy that, as its primary purpose, provides coverage in excess of
2 other valid and collectible insurance or qualified self-insurance may include the uninsured
3 motorist coverage provided for in this section.

4 (2) The uninsured motorist coverage required by this section is primary to
5 any right to recovery from the Maryland Automobile Insurance Fund under Title 20,
6 Subtitle 6 of this article.

7 (i) An endorsement or provision that protects the insured against damages
8 caused by an uninsured motor vehicle that is contained in a policy issued and delivered in
9 the State is deemed to cover damages caused by a motor vehicle insured by a liability
10 insurer that is insolvent or otherwise unable to pay claims to the same extent and in the
11 same manner as if the damages were caused by an uninsured motor vehicle.

12 (j) A provision in a motor vehicle liability insurance policy issued after July 1,
13 1975, about coverage for damages sustained by the insured as a result of the operation of
14 an uninsured motor vehicle that requires a dispute between the insured and the insurer to
15 be submitted to binding arbitration is prohibited and is of no legal effect.

16 **19-509.1.**

17 **(A) IN THIS SECTION, "UNDERINSURED MOTOR VEHICLE" MEANS A MOTOR**
18 **VEHICLE THAT HAS LIABILITY COVERAGE IN AN AMOUNT LESS THAN THE**
19 **UNINSURED MOTORIST COVERAGE PROVIDED UNDER THE INSURED PARTY'S MOTOR**
20 **VEHICLE LIABILITY INSURANCE POLICY.**

21 **(B) THE ENHANCED UNDERINSURED MOTORIST COVERAGE REQUIRED BY**
22 **THIS SECTION DOES NOT APPLY TO A MOTOR VEHICLE LIABILITY INSURANCE**
23 **POLICY:**

24 **(1) THAT INSURES A MOTOR VEHICLE THAT:**

25 **(i) IS NOT SUBJECT TO REGISTRATION UNDER § 13-402 OF THE**
26 **TRANSPORTATION ARTICLE BECAUSE IT IS NOT DRIVEN ON A HIGHWAY; OR**

27 **(ii) IS EXEMPT FROM REGISTRATION UNDER § 13-402(C)(10) OF**
28 **THE TRANSPORTATION ARTICLE; OR**

29 **(2) WHEN A FIRST NAMED INSURED UNDER A POLICY OR BINDER OF**
30 **PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE HAS NOT ELECTED TO**
31 **OBTAIN ENHANCED UNDERINSURED MOTORIST COVERAGE UNDER THIS SECTION**
32 **INSTEAD OF THE UNINSURED MOTORIST COVERAGE REQUIRED UNDER § 19-509 OF**
33 **THIS SUBTITLE.**

1 (C) (1) THE FIRST NAMED INSURED UNDER A POLICY OR BINDER OF
2 PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE MAY ELECT TO
3 OBTAIN ENHANCED UNDERINSURED MOTORIST COVERAGE INSTEAD OF THE
4 UNINSURED MOTORIST COVERAGE REQUIRED UNDER § 19-509 OF THIS SUBTITLE.

5 (2) UNLESS THE FIRST NAMED INSURED AFFIRMATIVELY MAKES A
6 CHANGE IN WRITING, THE ELECTION TO OBTAIN ENHANCED UNDERINSURED
7 MOTORIST COVERAGE APPLIES TO ALL SUBSEQUENT RENEWALS OF COVERAGE AND
8 TO ALL OTHER POLICIES OR ENDORSEMENTS THAT EXTEND, CHANGE, SUPERSEDE,
9 OR REPLACE AN EXISTING PRIVATE PASSENGER MOTOR VEHICLE INSURANCE
10 POLICY ISSUED TO THE FIRST NAMED INSURED.

11 (D) IN ADDITION TO ANY OTHER COVERAGE REQUIRED BY THIS SUBTITLE,
12 EACH PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE POLICY ISSUED,
13 SOLD, OR DELIVERED IN THE STATE ON OR AFTER JULY 1, 2017, TO AN INSURED
14 THAT ELECTS TO OBTAIN ENHANCED UNDERINSURED MOTORIST COVERAGE
15 INSTEAD OF THE UNINSURED MOTORIST COVERAGE REQUIRED UNDER § 19-509 OF
16 THIS SUBTITLE, SHALL CONTAIN COVERAGE FOR DAMAGES, SUBJECT TO THE
17 POLICY LIMITS, THAT:

18 (1) THE INSURED IS ENTITLED TO RECOVER FROM THE OWNER OR
19 OPERATOR OF AN UNDERINSURED MOTOR VEHICLE BECAUSE OF BODILY INJURIES
20 SUSTAINED IN A MOTOR VEHICLE ACCIDENT ARISING OUT OF THE OWNERSHIP,
21 MAINTENANCE, OR USE OF THE UNDERINSURED MOTOR VEHICLE; AND

22 (2) A SURVIVING RELATIVE OF THE INSURED, WHO IS DESCRIBED IN §
23 3-904 OF THE COURTS ARTICLE, IS ENTITLED TO RECOVER FROM THE OWNER OR
24 OPERATOR OF AN UNDERINSURED MOTOR VEHICLE BECAUSE THE INSURED DIED AS
25 THE RESULT OF A MOTOR VEHICLE ACCIDENT ARISING OUT OF THE OWNERSHIP,
26 MAINTENANCE, OR USE OF THE UNDERINSURED MOTOR VEHICLE.

27 (E) THE ENHANCED UNDERINSURED MOTORIST COVERAGE REQUIRED BY
28 THIS SECTION SHALL BE IN THE FORM AND SUBJECT TO THE CONDITIONS THAT THE
29 COMMISSIONER APPROVES.

30 (F) (1) THE ENHANCED UNDERINSURED MOTORIST COVERAGE
31 CONTAINED IN A PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE
32 POLICY:

33 (I) SHALL AT LEAST EQUAL:

34 1. THE AMOUNTS REQUIRED BY TITLE 17 OF THE
35 TRANSPORTATION ARTICLE; AND

1 **2. THE COVERAGE PROVIDED TO A QUALIFIED PERSON**
2 **UNDER TITLE 20, SUBTITLE 6 OF THIS ARTICLE; AND**

3 **(II) MAY NOT EXCEED THE AMOUNT OF LIABILITY COVERAGE**
4 **PROVIDED UNDER THE POLICY.**

5 **(2) THE AMOUNT OF ENHANCED UNDERINSURED MOTORIST**
6 **COVERAGE PROVIDED UNDER A PRIVATE PASSENGER MOTOR VEHICLE LIABILITY**
7 **INSURANCE POLICY SHALL EQUAL THE AMOUNT OF LIABILITY COVERAGE PROVIDED**
8 **UNDER THE POLICY.**

9 **(G) AN INSURER MAY EXCLUDE FROM THE ENHANCED UNDERINSURED**
10 **MOTORIST COVERAGE REQUIRED BY THIS SECTION BENEFITS FOR:**

11 **(1) THE NAMED INSURED OR A FAMILY MEMBER OF THE NAMED**
12 **INSURED WHO RESIDES IN THE NAMED INSURED'S HOUSEHOLD FOR AN INJURY**
13 **THAT OCCURS WHEN THE NAMED INSURED OR FAMILY MEMBER IS OCCUPYING OR IS**
14 **STRUCK AS A PEDESTRIAN BY AN UNDERINSURED MOTOR VEHICLE THAT IS OWNED**
15 **BY THE NAMED INSURED OR AN IMMEDIATE FAMILY MEMBER OF THE NAMED**
16 **INSURED WHO RESIDES IN THE NAMED INSURED'S HOUSEHOLD; AND**

17 **(2) THE NAMED INSURED, A FAMILY MEMBER OF THE NAMED**
18 **INSURED WHO RESIDES IN THE NAMED INSURED'S HOUSEHOLD, AND ANY OTHER**
19 **INDIVIDUAL WHO HAS OTHER APPLICABLE MOTOR VEHICLE INSURANCE FOR AN**
20 **INJURY THAT OCCURS WHEN THE NAMED INSURED, FAMILY MEMBER, OR OTHER**
21 **INDIVIDUAL IS OCCUPYING OR IS STRUCK AS A PEDESTRIAN BY THE INSURED MOTOR**
22 **VEHICLE WHILE THE MOTOR VEHICLE IS OPERATED OR USED BY AN INDIVIDUAL**
23 **WHO IS EXCLUDED FROM COVERAGE UNDER § 27-609 OF THIS ARTICLE.**

24 **(H) THE LIMIT OF LIABILITY FOR AN INSURER THAT PROVIDES ENHANCED**
25 **UNDERINSURED MOTORIST COVERAGE UNDER THIS SECTION IS THE AMOUNT OF**
26 **THAT COVERAGE WITHOUT ANY REDUCTION FOR THE AMOUNT PAID TO THE**
27 **INSURED, THAT EXHAUSTS ANY APPLICABLE LIABILITY INSURANCE POLICIES,**
28 **BONDS, AND SECURITIES, ON BEHALF OF ANY PERSON THAT MAY BE HELD LIABLE**
29 **FOR THE BODILY INJURIES OR DEATH OF THE INSURED.**

30 **(I) (1) A POLICY THAT, AS ITS PRIMARY PURPOSE, PROVIDES COVERAGE**
31 **IN EXCESS OF OTHER VALID AND COLLECTIBLE INSURANCE OR QUALIFIED**
32 **SELF-INSURANCE MAY INCLUDE THE ENHANCED UNDERINSURED MOTORIST**
33 **COVERAGE PROVIDED FOR IN THIS SECTION.**

34 **(2) THE ENHANCED UNDERINSURED MOTORIST COVERAGE**
35 **REQUIRED BY THIS SECTION IS PRIMARY TO ANY RIGHT TO RECOVERY FROM THE**

1 MARYLAND AUTOMOBILE INSURANCE FUND UNDER TITLE 20, SUBTITLE 6 OF THIS
2 ARTICLE.

3 (J) AN ENDORSEMENT OR A PROVISION THAT PROTECTS THE INSURED
4 AGAINST DAMAGES CAUSED BY AN UNDERINSURED MOTOR VEHICLE THAT IS
5 CONTAINED IN A POLICY ISSUED AND DELIVERED IN THE STATE IS DEEMED TO
6 COVER DAMAGES CAUSED BY A MOTOR VEHICLE INSURED BY A LIABILITY INSURER
7 THAT IS INSOLVENT OR OTHERWISE UNABLE TO PAY CLAIMS TO THE SAME EXTENT
8 AND IN THE SAME MANNER AS IF THE DAMAGES WERE CAUSED BY AN
9 UNDERINSURED MOTOR VEHICLE.

10 (K) A PROVISION IN A PRIVATE PASSENGER MOTOR VEHICLE LIABILITY
11 INSURANCE POLICY ISSUED ON OR AFTER JULY 1, 2017, ABOUT COVERAGE FOR
12 DAMAGES SUSTAINED BY THE INSURED AS A RESULT OF THE OPERATION OF AN
13 UNDERINSURED MOTOR VEHICLE THAT REQUIRES A DISPUTE BETWEEN THE
14 INSURED AND THE INSURER TO BE SUBMITTED TO BINDING ARBITRATION IS
15 PROHIBITED AND IS OF NO LEGAL EFFECT.

16 19-509.2.

17 (A) A final judgment in an action for personal injury protection coverage under a
18 motor vehicle liability insurance policy does not preclude a subsequent action for uninsured
19 or underinsured motorist coverage arising out of the same motor vehicle accident or
20 occurrence.

21 (B) A FINAL JUDGMENT IN AN ACTION FOR PERSONAL INJURY PROTECTION
22 COVERAGE UNDER A PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE
23 POLICY DOES NOT PRECLUDE A SUBSEQUENT ACTION FOR ENHANCED
24 UNDERINSURED MOTORIST COVERAGE ARISING OUT OF THE SAME MOTOR VEHICLE
25 ACCIDENT OR OCCURRENCE.

26 19-510.

27 (a) This section applies only when:

28 (1) the liability coverage under a policy or binder of private passenger
29 motor vehicle liability insurance exceeds the amount required under § 17-103 of the
30 Transportation Article; AND

31 (2) THE FIRST NAMED INSURED UNDER A POLICY OR BINDER OF
32 PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE HAS NOT ELECTED TO
33 OBTAIN ENHANCED UNDERINSURED MOTORIST COVERAGE UNDER § 19-509.1 OF
34 THIS SUBTITLE INSTEAD OF THE UNINSURED MOTORIST COVERAGE REQUIRED
35 UNDER § 19-509 OF THIS SUBTITLE.

1 (b) (1) If the first named insured under a policy or binder of private passenger
2 motor vehicle liability insurance does not wish to obtain uninsured motorist coverage in the
3 same amount as the liability coverage provided under the policy or binder, the first named
4 insured shall make an affirmative written waiver of having uninsured motorist coverage in
5 the same amount as the liability coverage.

6 (2) If the first named insured does not make an affirmative written waiver
7 under this section, the insurer shall provide uninsured motorist coverage in an amount
8 equal to the amount of the liability coverage provided under the policy or binder.

9 (c) A waiver made under this section is not effective unless, prior to the waiver,
10 the insurer gives the first named insured written notice of the nature, extent, benefit, and
11 cost of the level of the uninsured motorist coverage being waived.

12 (d) (1) A waiver made under this section shall be made on the form that the
13 Commissioner requires.

14 (2) The form may be part of the insurance contract.

15 (3) The form shall clearly and concisely explain in 10 point boldface type:

16 (i) the nature, extent, benefit, and cost of the level of the uninsured
17 motorist coverage that would be provided under the policy if not waived by the first named
18 insured;

19 (ii) that a failure of the first named insured to make a waiver
20 requires an insurer to provide uninsured motorist coverage in an amount equal to the
21 amount of the liability coverage provided under the policy or binder of private passenger
22 motor vehicle liability insurance;

23 (iii) that an insurer may not refuse to underwrite a person because
24 the person refuses to waive the excess uninsured motorist coverage under this section; and

25 (iv) that a waiver made under this section must be an affirmative
26 written waiver.

27 (4) Subject to the Commissioner's approval, a waiver made under this
28 section may be made on the same form as the waiver made under § 19-506 of this subtitle.

29 (e) A waiver made under this section by a person that is insured continuously by
30 an insurer or by the Maryland Automobile Insurance Fund is effective until the waiver is
31 withdrawn in writing.

32 (f) (1) An insurer may not refuse to underwrite a person because the person
33 refuses to waive the excess uninsured motorist coverage under this section.

1 (2) An insurer that violates this subsection is subject to the penalties
2 provided by §§ 4-113 and 4-114 of this article.

3 19-511.

4 (A) THIS SECTION DOES NOT APPLY WHEN THE FIRST NAMED INSURED
5 UNDER A POLICY OR BINDER OF PRIVATE PASSENGER MOTOR VEHICLE LIABILITY
6 INSURANCE HAS ELECTED TO OBTAIN ENHANCED UNDERINSURED MOTORIST
7 COVERAGE UNDER § 19-509.1 OF THIS SUBTITLE INSTEAD OF THE UNINSURED
8 MOTORIST COVERAGE REQUIRED UNDER § 19-509 OF THIS SUBTITLE.

9 [(a)] (B) If an injured person receives a written offer from a motor vehicle
10 insurance liability insurer or that insurer's authorized agent to settle a claim for bodily
11 injury or death, and the amount of the settlement offer, in combination with any other
12 settlements arising out of the same occurrence, would exhaust the bodily injury or death
13 limits of the applicable liability insurance policies, bonds, and securities, the injured person
14 shall send by certified mail, to any insurer that provides uninsured motorist coverage for
15 the bodily injury or death, a copy of the liability insurer's written settlement offer.

16 [(b)] (C) Within 60 days after receipt of the notice required under subsection
17 [(a)] (B) of this section, the uninsured motorist insurer shall send to the injured person:

18 (1) written consent to acceptance of the settlement offer and to the
19 execution of releases; or

20 (2) written refusal to consent to acceptance of the settlement offer.

21 [(c)] (D) Within 30 days after a refusal to consent to acceptance of a settlement
22 offer under subsection [(b)(2)] (C)(2) of this section, the uninsured motorist insurer shall
23 pay to the injured person the amount of the settlement offer.

24 [(d)] (E) (1) Payment as described in subsection [(c)] (D) of this section shall
25 preserve the uninsured motorist insurer's subrogation rights against the liability insurer
26 and its insured.

27 (2) Receipt by the injured person of the payment described in subsection
28 [(c)] (D) of this section shall constitute the assignment, up to the amount of the payment,
29 of any recovery on behalf of the injured person that is subsequently paid from the applicable
30 liability insurance policies, bonds, and securities.

31 [(e)] (F) The injured person may accept the liability insurer's settlement offer
32 and execute releases in favor of the liability insurer and its insured without prejudice to
33 any claim the injured person may have against the uninsured motorist insurer:

34 (1) on receipt of written consent to acceptance of the settlement offer and
35 to the execution of releases; or

1 (2) if the uninsured motorist insurer has not met the requirements of
2 subsection [(b)] (C) or subsection [(c)] (D) of this section.

3 [(f)] (G) Written consent by an uninsured motorist insurer to acceptance of a
4 settlement offer under subsection [(b)(1)](C)(1) of this section:

5 (1) may not be construed to limit the right of the uninsured motorist
6 insurer to raise any issue relating to liability or damages in an action against the uninsured
7 motorist insurer; and

8 (2) does not constitute an admission by the uninsured motorist insurer as
9 to any issue raised in an action against the uninsured motorist insurer.

10 **19-511.1.**

11 (A) **THIS SECTION APPLIES ONLY WHEN THE FIRST NAMED INSURED UNDER**
12 **A POLICY OR BINDER OF PRIVATE PASSENGER MOTOR VEHICLE LIABILITY**
13 **INSURANCE HAS ELECTED TO OBTAIN ENHANCED UNDERINSURED MOTORIST**
14 **COVERAGE UNDER § 19-509.1 OF THIS SUBTITLE INSTEAD OF THE UNINSURED**
15 **MOTORIST COVERAGE REQUIRED UNDER § 19-509 OF THIS SUBTITLE.**

16 (B) **IF AN INJURED PERSON RECEIVES A WRITTEN OFFER FROM A MOTOR**
17 **VEHICLE LIABILITY INSURER OR THAT INSURER'S AUTHORIZED AGENT TO SETTLE A**
18 **CLAIM FOR BODILY INJURY OR DEATH, AND THE AMOUNT OF THE SETTLEMENT**
19 **OFFER, IN COMBINATION WITH ANY OTHER SETTLEMENTS ARISING OUT OF THE**
20 **SAME OCCURRENCE, WOULD EXHAUST THE BODILY INJURY OR DEATH LIMITS OF**
21 **THE APPLICABLE LIABILITY INSURANCE POLICIES, BONDS, AND SECURITIES, THE**
22 **INJURED PERSON SHALL SEND BY CERTIFIED MAIL, TO ANY INSURER THAT**
23 **PROVIDES ENHANCED UNDERINSURED MOTORIST COVERAGE FOR THE BODILY**
24 **INJURY OR DEATH, A COPY OF THE LIABILITY INSURER'S WRITTEN SETTLEMENT**
25 **OFFER.**

26 (C) **WITHIN 60 DAYS AFTER RECEIPT OF THE NOTICE REQUIRED UNDER**
27 **SUBSECTION (B) OF THIS SECTION, THE ENHANCED UNDERINSURED MOTORIST**
28 **INSURER SHALL SEND TO THE INJURED PERSON:**

29 (1) **WRITTEN CONSENT TO ACCEPTANCE OF THE SETTLEMENT OFFER**
30 **AND TO THE EXECUTION OF RELEASES; OR**

31 (2) **WRITTEN REFUSAL TO CONSENT TO ACCEPTANCE OF THE**
32 **SETTLEMENT OFFER.**

33 (D) **WITHIN 30 DAYS AFTER A REFUSAL TO CONSENT TO ACCEPTANCE OF A**
34 **SETTLEMENT OFFER UNDER SUBSECTION (C)(2) OF THIS SECTION, THE ENHANCED**

1 UNDERINSURED MOTORIST INSURER SHALL PAY TO THE INJURED PERSON THE
2 AMOUNT OF THE SETTLEMENT OFFER.

3 (E) (1) PAYMENT AS DESCRIBED IN SUBSECTION (D) OF THIS SECTION
4 SHALL PRESERVE THE EXTENDED ENHANCED UNDERINSURED MOTORIST
5 INSURER'S SUBROGATION RIGHTS AGAINST THE MOTOR VEHICLE LIABILITY
6 INSURER AND ITS INSURED.

7 (2) RECEIPT BY THE INJURED PERSON OF THE PAYMENT DESCRIBED
8 IN SUBSECTION (D) OF THIS SECTION SHALL CONSTITUTE THE ASSIGNMENT, UP TO
9 THE AMOUNT OF THE PAYMENT, OF ANY RECOVERY ON BEHALF OF THE INJURED
10 PERSON THAT IS SUBSEQUENTLY PAID FROM THE APPLICABLE LIABILITY
11 INSURANCE POLICIES, BONDS, AND SECURITIES.

12 (F) THE INJURED PERSON MAY ACCEPT THE MOTOR VEHICLE LIABILITY
13 INSURER'S SETTLEMENT OFFER AND EXECUTE RELEASES IN FAVOR OF THE
14 LIABILITY INSURER AND ITS INSURED WITHOUT PREJUDICE TO ANY CLAIM THE
15 INJURED PERSON MAY HAVE AGAINST THE ENHANCED UNDERINSURED MOTORIST
16 INSURER:

17 (1) ON RECEIPT OF WRITTEN CONSENT TO ACCEPTANCE OF THE
18 SETTLEMENT OFFER AND TO THE EXECUTION OF RELEASES; OR

19 (2) IF THE ENHANCED UNDERINSURED MOTORIST INSURER HAS NOT
20 MET THE REQUIREMENTS OF SUBSECTION (C) OR SUBSECTION (D) OF THIS SECTION.

21 (G) WRITTEN CONSENT BY AN ENHANCED UNDERINSURED MOTORIST
22 INSURER TO ACCEPTANCE OF A SETTLEMENT OFFER UNDER SUBSECTION (C)(1) OF
23 THIS SECTION:

24 (1) MAY NOT BE CONSTRUED TO LIMIT THE RIGHT OF THE ENHANCED
25 UNDERINSURED MOTORIST INSURER TO RAISE ANY ISSUE RELATING TO LIABILITY
26 OR DAMAGES IN AN ACTION AGAINST THE ENHANCED UNDERINSURED MOTORIST
27 INSURER; AND

28 (2) DOES NOT CONSTITUTE AN ADMISSION BY THE UNINSURED
29 MOTORIST INSURER AS TO ANY ISSUE RAISED IN AN ACTION AGAINST THE
30 ENHANCED UNDERINSURED MOTORIST INSURER.

31 19-513.

32 (a) This section does not prohibit a nonprofit health service plan or an authorized
33 insurer, with the approval of the Commissioner, from providing medical, hospital, and
34 disability benefits in connection with motor vehicle accidents.

1 (b) [Notwithstanding] EXCEPT AS PROVIDED IN § 19-509.1 OF THIS
 2 SUBTITLE, AND NOTWITHSTANDING any other provision of this subtitle, a person may
 3 not recover benefits under the coverages described in §§ 19-504, 19-505, 19-509, and
 4 19-512 of this subtitle from more than one motor vehicle liability insurance policy or
 5 insurer on a duplicative or supplemental basis.

6 (c) (1) The insurer of a motor vehicle for which the coverage described in §
 7 19-505 of this subtitle is in effect shall pay the benefits described in § 19-505 of this subtitle
 8 to an individual who is injured in a motor vehicle accident:

9 (i) while occupying the insured motor vehicle; or

10 (ii) by the insured motor vehicle as a pedestrian, while in, on, or
 11 alighting from a vehicle powered by animal or muscular power, or while on or alighting
 12 from an animal.

13 (2) An insurer may not pay benefits under paragraph (1) of this subsection
 14 to an individual who is in violation of § 17-103 of the Transportation Article.

15 (d) (1) The insurer under a policy that contains the coverages described in §§
 16 19-505 and 19-509 of this subtitle shall pay the benefits described in §§ 19-505 and
 17 19-509 to an individual insured under the policy who is injured in a motor vehicle accident:

18 (i) while occupying a motor vehicle for which the coverages
 19 described in §§ 19-505 and 19-509 of this subtitle are not in effect; or

20 (ii) by a motor vehicle for which the coverages described in §§
 21 19-505 and 19-509 of this subtitle are not in effect as a pedestrian, while in, on, or alighting
 22 from a vehicle powered by animal or muscular power, or while on or alighting from an
 23 animal.

24 (2) Benefits payable under paragraph (1) of this subsection shall be
 25 reduced to the extent of any medical or disability benefits coverage that is:

26 (i) applicable to the motor vehicle for which the coverages described
 27 in §§ 19-505 and 19-509 of this subtitle are not in effect; and

28 (ii) collectible from the insurer of that motor vehicle.

29 (e) Benefits payable under the coverages described in §§ 19-505 and 19-509 of
 30 this subtitle shall be reduced to the extent that the recipient has recovered benefits under
 31 the workers' compensation laws of a state or the federal government for which the provider
 32 of the workers' compensation benefits has not been reimbursed.

1 ~~18-108.~~

2 ~~(a) In this section, "rental vehicle company" means a person that rents a motor~~
3 ~~vehicle to a consumer.~~

4 ~~(F) (1) THIS SUBSECTION APPLIES ONLY TO:~~

5 ~~(i) RENTAL VEHICLE TRANSACTIONS ORIGINATING IN THE~~
6 ~~STATE; AND~~

7 ~~(ii) CLAIMS AND OBLIGATIONS OF A RENTAL VEHICLE~~
8 ~~COMPANY ARISING OUT OF THE SECURITY REQUIREMENTS PROVIDED IN §~~
9 ~~17-103(B)(1) AND (2) OF THIS ARTICLE.~~

10 ~~(2) EXCEPT AS PROVIDED IN PARAGRAPH (4) OF THIS SUBSECTION, A~~
11 ~~RENTAL VEHICLE COMPANY OR A RENTAL VEHICLE COMPANY'S DESIGNEE HAS A~~
12 ~~RIGHT OF SUBROGATION AGAINST A RENTER OF A MOTOR VEHICLE AND THE~~
13 ~~RENTER'S INSURER AND AGAINST THE DRIVER OF THE MOTOR VEHICLE, IF NOT THE~~
14 ~~RENTER, AND THE DRIVER'S INSURER FOR PROPERTY DAMAGE, PERSONAL INJURY,~~
15 ~~AND WRONGFUL DEATH CLAIMS PAID BY THE RENTAL VEHICLE COMPANY OR THE~~
16 ~~DESIGNEE THAT AROSE OUT OF THE USE OR OPERATION OF THE MOTOR VEHICLE BY~~
17 ~~THE RENTER OR DRIVER.~~

18 ~~(3) (i) IF A RENTAL VEHICLE COMPANY RECEIVES A THIRD PARTY~~
19 ~~CLAIM, THE RENTAL VEHICLE COMPANY SHALL PROMPTLY NOTIFY THE INSURER OF~~
20 ~~THE RENTER OR THE INSURER OF THE DRIVER, IF NOT THE RENTER, OF THE CLAIM.~~

21 ~~(ii) ON RECEIVING NOTICE IN ACCORDANCE WITH THIS~~
22 ~~PARAGRAPH, AN INSURER MAY ASSUME THE HANDLING OF THE CLAIM ON A~~
23 ~~PRIMARY BASIS.~~

24 ~~(iii) UNTIL THE INSURER ASSUMES THE HANDLING OF THE~~
25 ~~CLAIM IN ACCORDANCE WITH THIS PARAGRAPH, THE RENTAL VEHICLE COMPANY~~
26 ~~SHALL CONTINUE TO HANDLE THE CLAIM.~~

27 ~~(4) A RENTAL VEHICLE COMPANY MAY NOT SEEK RECOVERY OR~~
28 ~~REIMBURSEMENT FOR THIRD PARTY CLAIMS:~~

29 ~~(i) IN EXCESS OF THE LIMIT OF THE INSURANCE POLICY~~
30 ~~COVERING THE RENTER OR DRIVER;~~

31 ~~(ii) FROM A RENTER OR DRIVER THAT LACKS VALID AND~~
32 ~~COLLECTIBLE INSURANCE COVERAGE; OR~~

1 ~~(H) FROM A RENTER OR DRIVER THAT IS COVERED UNDER A~~
2 ~~POLICY ISSUED BY THE MARYLAND AUTOMOBILE INSURANCE FUND.~~

3 17-103.

4 (b) The security required under this subtitle shall provide for at least:

5 (1) The payment of claims for bodily injury or death arising from an
6 accident of up to \$30,000 for any one person and up to \$60,000 for any two or more persons,
7 in addition to interest and costs;

8 (2) The payment of claims for property of others damaged or destroyed in
9 an accident of up to \$15,000, in addition to interest and costs;

10 (3) Unless waived, the benefits described under § 19-505 of the Insurance
11 Article as to basic required primary coverage;

12 (4) The benefits required under § 19-509 OR § 19-509.1 of the Insurance
13 Article as to required additional coverage; and

14 (5) For vehicles subject to the provisions of § 25-111.1 of this article, the
15 security requirements adopted under 49 C.F.R., Part 387.

16 SECTION 3. AND BE IT FURTHER ENACTED, That this Act applies to each policy
17 of private passenger motor vehicle insurance issued, sold, or delivered in the State on or
18 after July 1, 2017.

19 SECTION ~~2~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
20 October 1, 2016.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.