

SB0784/677771/1

BY: Finance Committee

AMENDMENTS TO SENATE BILL 784
(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in the sponsor line, strike “Senator Middleton” and substitute “Senators Middleton, Astle, Benson, Feldman, Hershey, Jennings, Kelley, Klausmeier, Mathias, Pugh, and Reilly”; in line 2, strike “Optional” and substitute “Rejection of”; strike beginning with “requiring” in line 3 down through “circumstances” in line 18 and substitute “providing that, under certain circumstances, a first named insured under a certain policy of motor vehicle liability insurance is not required to obtain coverage for certain medical, hospital, and disability benefits that must be provided by certain insurers; requiring the Maryland Automobile Insurance Fund to offer a certain first named insured at a certain time the option to reject coverage for certain benefits under certain circumstances; authorizing an insurer other than the Fund to offer a certain first named insured at a certain time the option to reject coverage for certain benefits under certain circumstances; requiring a certain first named insured, at the time of application for a certain policy, to make a certain election; requiring the election to be made on a certain form; authorizing the form to be part of the insurance contract; requiring the form to contain a certain explanation in a certain manner; providing that a certain rejection of coverage for certain benefits is effective until a certain time except under certain circumstances; requiring, on renewal of a certain policy, that a certain insurer provide certain coverage under certain circumstances; altering a certain minimum security requirement; requiring the Maryland Insurance Commissioner to consult with certain insurers, insurance producers, and certain other persons in developing a certain form; requiring the Fund and certain insurers to annually report certain information to the Maryland Insurance Administration; requiring the Administration to compile certain information and, on or before a certain date, report certain findings and recommendations to certain committees of the General Assembly; making conforming changes; providing for the application of this Act”; in line 18, strike “optional”; in line 25, strike “repealing” and substitute “repealing and reenacting, without amendments,”; and after line 29, insert:

(Over)

“BY adding to
Article – Insurance
Section 19-506.1
Annotated Code of Maryland
(2011 Replacement Volume and 2015 Supplement)”.

AMENDMENT NO. 2

On page 2, in lines 10, 12, 17, 19, 23, 26, 28, 30, and 31, in each instance, strike the brackets; in line 10, after “subtitle” insert “**OR REJECTED IN ACCORDANCE WITH § 19-506.1 OF THIS SUBTITLE**”; in line 11, strike “**EACH**”; in line 12, strike “**OFFER**”; in line 13, strike the period; strike beginning with “**(2)**” in line 14 down through “**BENEFITS**” in line 15; and in lines 10, 17, 19, 23, 26, 28, 30, and 31, respectively, strike “**(1)**”, “**(I)**”, “**1.**”, “**2.**”, “**(II)**”, “**(III)**”, “**1.**”, and “**2.**”.

On page 3, strike in their entirety lines 1 through 30, inclusive.

On page 4, strike in their entirety lines 1 and 2.

On page 5, strike in their entirety lines 17 through 21, inclusive; and in line 22, strike the bracket.

On page 7, in line 13, strike the bracket; and after line 13, insert:

“19-506.1.

(A) (1) NOTWITHSTANDING §§ 19-505 AND 19-506 OF THIS SUBTITLE, A FIRST NAMED INSURED IS NOT REQUIRED TO OBTAIN COVERAGE FOR THE BENEFITS DESCRIBED IN §§ 19-505 AND 19-506 OF THIS SUBTITLE UNDER A MOTOR VEHICLE LIABILITY INSURANCE POLICY THAT:

(I) PROVIDES COVERAGE THAT DOES NOT EXCEED THE MINIMUM LIABILITY COVERAGE SPECIFIED IN § 17-103(B) OF THE TRANSPORTATION ARTICLE; AND

(II) 1. SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IS ISSUED, SOLD, OR DELIVERED BY THE MARYLAND AUTOMOBILE INSURANCE FUND; OR

2. SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, IS ISSUED, SOLD, OR DELIVERED BY AN INSURER OTHER THAN THE MARYLAND AUTOMOBILE INSURANCE FUND.

(2) THE MARYLAND AUTOMOBILE INSURANCE FUND SHALL OFFER A FIRST NAMED INSURED, AT THE TIME OF APPLICATION FOR A POLICY DESCRIBED IN PARAGRAPH (1)(I) OF THIS SUBSECTION, THE OPTION TO REJECT COVERAGE FOR THE BENEFITS DESCRIBED IN §§ 19-505 AND 19-506 OF THIS SUBTITLE IF, PRIOR TO THE APPLICATION, THE APPLICANT HAS NOT BEEN INSURED CONTINUOUSLY BY THE MARYLAND AUTOMOBILE INSURANCE FUND FOR AT LEAST 1 YEAR.

(3) AN INSURER OTHER THAN THE MARYLAND AUTOMOBILE INSURANCE FUND MAY OFFER A FIRST NAMED INSURED, AT THE TIME OF APPLICATION FOR A POLICY DESCRIBED IN PARAGRAPH (1)(I) OF THIS SUBSECTION, THE OPTION TO REJECT COVERAGE FOR THE BENEFITS DESCRIBED IN §§ 19-505 AND 19-506 OF THIS SUBTITLE IF:

(I) PRIOR TO THE APPLICATION, THE APPLICANT WAS INSURED BY AN INSURER OTHER THAN THE MARYLAND AUTOMOBILE INSURANCE FUND; AND

(Over)

(II) THE INSURER UNDER THE PRIOR POLICY CANCELED THE POLICY BEFORE THE END OF THE POLICY'S TERM.

(B) AT THE TIME OF APPLICATION FOR A POLICY DESCRIBED IN SUBSECTION (A)(1)(I) OF THIS SECTION, THE FIRST NAMED INSURED SHALL ELECT IN WRITING TO:

(1) OBTAIN COVERAGE FOR THE BENEFITS DESCRIBED IN § 19-505 OF THIS SUBTITLE;

(2) WAIVE COVERAGE FOR THE BENEFITS DESCRIBED IN § 19-505 OF THIS SUBTITLE IN ACCORDANCE WITH § 19-506 OF THIS SUBTITLE; OR

(3) REJECT COVERAGE FOR THE BENEFITS DESCRIBED IN §§ 19-505 AND 19-506 OF THIS SUBTITLE IN ACCORDANCE WITH THIS SECTION.

(C) (1) THE ELECTION UNDER SUBSECTION (B) OF THIS SECTION SHALL BE MADE ON THE FORM THAT THE COMMISSIONER REQUIRES.

(2) THE FORM MAY BE PART OF THE INSURANCE CONTRACT.

(3) THE FORM SHALL CLEARLY AND CONCISELY EXPLAIN IN 10 POINT BOLDFACE TYPE:

(I) THAT THE FIRST NAMED INSURED MUST ELECT IN WRITING TO:

1. OBTAIN COVERAGE FOR THE BENEFITS DESCRIBED IN § 19-505 OF THIS SUBTITLE;

2. WAIVE COVERAGE FOR THE BENEFITS DESCRIBED IN § 19-505 OF THIS SUBTITLE IN ACCORDANCE WITH § 19-506 OF THIS SUBTITLE; OR

3. REJECT COVERAGE FOR THE BENEFITS DESCRIBED IN §§ 19-505 AND 19-506 OF THIS SUBTITLE IN ACCORDANCE WITH THIS SECTION;

(II) THE NATURE, EXTENT, AND COST OF COVERAGE FOR THE BENEFITS DESCRIBED IN §§ 19-505 AND 19-506 OF THIS SUBTITLE IF NOT REJECTED BY THE FIRST NAMED INSURED;

(III) THAT THE ELECTION TO REJECT COVERAGE FOR THE BENEFITS DESCRIBED IN §§ 19-505 AND 19-506 OF THIS SUBTITLE IN ACCORDANCE WITH THIS SECTION IS EFFECTIVE UNTIL THE END OF THE POLICY'S TERM UNLESS THE FIRST NAMED INSURED:

1. WITHDRAWS THE REJECTION IN WRITING;

2. OBTAINS A MOTOR VEHICLE LIABILITY INSURANCE POLICY FOR THE INSURED MOTOR VEHICLE FROM ANOTHER INSURER; OR

3. INCREASES ANY COVERAGE UNDER THE POLICY TO AN AMOUNT THAT EXCEEDS THE MINIMUM LIABILITY COVERAGE SPECIFIED IN § 17-103(B) OF THE TRANSPORTATION ARTICLE; AND

(IV) THAT ON RENEWAL OF THE POLICY, UNLESS THE FIRST NAMED INSURED NOTIFIES THE INSURER IN WRITING THAT THE FIRST NAMED INSURED WISHES TO OBTAIN COVERAGE FOR THE BENEFITS DESCRIBED IN § 19-

505 OF THIS SUBTITLE, THE INSURER SHALL PROVIDE THE COVERAGE DESCRIBED IN § 19-506 OF THIS SUBTITLE.

(D) (1) A REJECTION OF COVERAGE FOR THE BENEFITS DESCRIBED IN §§ 19-505 AND 19-506 OF THIS SUBTITLE IN ACCORDANCE WITH THIS SECTION IS EFFECTIVE UNTIL THE END OF THE POLICY’S TERM UNLESS THE FIRST NAMED INSURED:

(I) WITHDRAWS THE REJECTION IN WRITING;

(II) OBTAINS A MOTOR VEHICLE LIABILITY INSURANCE POLICY FOR THE INSURED MOTOR VEHICLE FROM ANOTHER INSURER; OR

(III) INCREASES ANY COVERAGE UNDER THE POLICY TO AN AMOUNT THAT EXCEEDS THE MINIMUM LIABILITY COVERAGE SPECIFIED IN § 17-103(B) OF THE TRANSPORTATION ARTICLE.

(2) ON RENEWAL OF THE POLICY, UNLESS THE FIRST NAMED INSURED NOTIFIES THE INSURER IN WRITING THAT THE FIRST NAMED INSURED WISHES TO OBTAIN COVERAGE FOR THE BENEFITS DESCRIBED IN § 19-505 OF THIS SUBTITLE, THE INSURER SHALL PROVIDE THE COVERAGE DESCRIBED IN § 19-506 OF THIS SUBTITLE.”;

in line 31, strike the bracket; and in the same line, after “waived” insert “UNDER § 19-506 OF THE INSURANCE ARTICLE OR REJECTED UNDER § 19-506.1 OF THE INSURANCE ARTICLE”.

On page 8, in lines 1 and 3, in each instance, strike the brackets; and in line 3, strike “(4)”.

AMENDMENT NO. 3

On page 8, after line 4, insert:

“SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland Insurance Commissioner shall consult with insurers, insurance producers, and any other person that the Commissioner determines is appropriate in developing the form required under § 19-506.1(c) of the Insurance Article, as enacted by Section 1 of this Act, including use of the form by written and electronic means.

SECTION 3. AND BE IT FURTHER ENACTED, That:

(a) The Maryland Automobile Insurance Fund and other insurers that offer first named insureds the option to elect to reject coverage for the benefits described in §§ 19-505 and 19-506 of the Insurance Article in accordance with § 19-506.1 of the Insurance Article, as enacted by Section 1 of this Act, shall report to the Maryland Insurance Administration, on an annual basis as determined by the Maryland Insurance Commissioner, for policies subject to this Act that are issued, sold, or delivered beginning on the effective date of this Act through October 31, 2019, on:

(1) the number of first named insureds who were eligible to make an election under § 19-506.1(b) of the Insurance Article, as enacted by Section 1 of this Act;

(2) the number of first named insureds who elected to obtain coverage for the benefits described in §§ 19-505 and 19-506 of the Insurance Article, and the number of first named insureds who elected to reject those benefits, under § 19-506.1(b) of the Insurance Article, as enacted by Section 1 of this Act; and

(3) any other related information that the Commissioner requires.

(b) The Maryland Insurance Administration shall:

(Over)

(1) compile the information received from the Maryland Automobile Insurance Fund and other insurers under subsection (a) of this section; and

(2) on or before December 1, 2019, report to the Senate Finance Committee and the House Economic Matters Committee, in accordance with § 2-1246 of the State Government Article, its findings and any recommendations.

SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall apply to all motor vehicle liability insurance policies subject to this Act that are issued, sold, or delivered in the State on or after October 1, 2016.”;

and in line 5, strike “2.” and substitute “5.”.