

Department of Legislative Services  
Maryland General Assembly  
2020 Session

FISCAL AND POLICY NOTE  
First Reader

House Bill 496  
Economic Matters

(Delegates Crosby and C. Watson)

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**Motor Vehicle Insurance - Lapse - Active Duty Military Personnel**

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This bill clarifies that an insurer is prohibited from canceling, failing to renew, or reducing coverage for a private passenger motor vehicle liability insurance policy if the cancellation, nonrenewal, or reduction is due to a lapse in coverage that occurred while the policyholder was deployed overseas with the United States Armed Forces. The bill does not apply to the Maryland Automobile Insurance Fund (MAIF).

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**Fiscal Summary**

**State Effect:** None. The bill clarifies an existing protection for military personnel returning from active duty overseas.

**MAIF Effect:** None; however, the existing protection also applies to MAIF.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Current Law:**

*Protections for Overseas Military Personnel*

Under § 27-501 of the Insurance Article, with respect to private passenger motor vehicle insurance, an insurer may not deny, refuse to renew, or cancel coverage or increase rates for an applicant or policyholder who is military personnel returning from active duty

overseas solely because the applicant or policyholder failed to maintain continuous coverage. However, an insurer may take those actions if the failure to maintain continuous coverage existed prior to the applicant's or policyholder's assignment to active duty overseas. The same protection also applies with respect to homeowner's insurance.

### *Required Security*

Maryland law requires an owner of a motor vehicle that is required to be registered in the State to maintain insurance for the vehicle during the registration period. The security required must provide at least the payment of claims:

- for bodily injury or death arising from an accident of up to \$30,000 for any one person and up to \$60,000 for any two or more persons;
- for property of others damaged or destroyed in an accident of up to \$15,000;
- unless waived or exempt under Chapters 425 and 426 of 2016, for personal injury protection coverage of \$2,500 per person; and
- for uninsured motorist or enhanced uninsured motorist coverage under Chapters 20 and 815 of 2017 (unless waived, the amount equals the amount of liability coverage provided under the policy; if waived, the amount equals the minimum required insurance for liability coverage).

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## **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

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

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