

SENATE BILL 195

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CF 0lr2560

By: **Senators Feldman and Hershey**
Introduced and read first time: January 15, 2020
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Automobile Insurance – Usage–Based Insurance – Application and Notice**

3 FOR the purpose of establishing that the application of a certain insurance program on
4 vehicle operation is not a violation of certain restrictions on classification for private
5 passenger motor vehicle insurance; excluding the application of certain provisions
6 on exclusion of drivers to a certain insurance program on vehicle operation; requiring
7 that a certain notice include certain information for a premium increase due to a
8 certain insurance program on vehicle operation; and generally relating to private
9 passenger motor vehicle insurance and usage–based automobile insurance
10 programs.

11 BY repealing and reenacting, with amendments,
12 Article – Insurance
13 Section 11–318(b), 27–609, and 27–614(c)
14 Annotated Code of Maryland
15 (2017 Replacement Volume and 2019 Supplement)

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

18 **Article – Insurance**

19 11–318.

20 (b) (1) An insurer under an automobile liability insurance policy may not
21 classify or maintain an insured for a period longer than 3 years in a classification that
22 entails a higher premium:

23 (i) because of a specific claim; or

24 (ii) because of the insured’s driving record.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.
[Brackets] indicate matter deleted from existing law.



1 (2) For the purpose of determining whether to classify an insured in a
2 classification that entails a higher premium, an insurer may review only a period not
3 greater than 3 years before:

4 (i) if the policy has not yet been issued:

5 1. the date of the application; or

6 2. the proposed effective date of the policy; or

7 (ii) on renewal of a policy, the effective date of the renewal.

8 (3) (i) The removal of a discount is not a violation of this subsection.

9 **(II) THE APPLICATION OF A PROGRAM THAT MEASURES THE**
10 **OPERATION OF AN INSURED VEHICLE DURING THE CURRENT POLICY PERIOD IS NOT**
11 **A VIOLATION OF THIS SUBSECTION.**

12 ~~[(ii)]~~ **(III)** Subparagraph (i) of this paragraph may not be construed
13 to prevent an insurer from granting a claim-free discount to an insured.

14 27-609.

15 (a) **THIS SECTION DOES NOT APPLY TO A CANCELLATION, NONRENEWAL, OR**
16 **PREMIUM INCREASE FOR A DRIVER OR VEHICLE DUE TO A PROGRAM THAT**
17 **MEASURES THE OPERATION OF AN INSURED VEHICLE DURING THE CURRENT**
18 **POLICY PERIOD.**

19 **(B)** (1) (i) This paragraph applies to a private passenger motor vehicle
20 liability insurance policy issued in the State under which more than one individual is
21 insured.

22 (ii) If an insurer is authorized under this article to cancel, nonrenew,
23 or increase the premiums on a policy of private passenger motor vehicle liability insurance
24 subject to this paragraph because of the claim experience or driving record of one or more
25 but less than all of the individuals insured under the policy, the insurer, instead of
26 cancellation, nonrenewal, or premium increase, shall offer to continue or renew the
27 insurance, but to exclude all coverage when a motor vehicle is operated by the specifically
28 named excluded individual or individuals whose claim experience or driving record could
29 have justified the cancellation, nonrenewal, or premium increase.

30 (2) (i) This paragraph applies to a motor vehicle liability insurance
31 policy issued in the State, other than a policy subject to paragraph (1) of this subsection,
32 under which more than one individual is insured.

1 (ii) If an insurer is authorized under this article to cancel, nonrenew,
2 or increase the premiums on a policy of motor vehicle liability insurance subject to this
3 paragraph because of the claim experience or driving record of one or more but less than
4 all of the individuals insured under the policy, the insurer, instead of cancellation,
5 nonrenewal, or premium increase, may offer to continue or renew the insurance, but to
6 exclude all coverage when a motor vehicle is operated by the specifically named excluded
7 individual or individuals whose claim experience or driving record could have justified the
8 cancellation, nonrenewal, or premium increase.

9 **[(b)] (C)** If an insurer legally could refuse to issue a policy of motor vehicle
10 liability insurance under which more than one individual is insured because of the claim
11 experience or driving record of one or more but less than all of the individuals applying to
12 be insured under the policy, the insurer may issue the policy but exclude all coverage when
13 a motor vehicle is operated by the specifically named excluded individual or individuals
14 whose claim experience or driving record could have justified the refusal to issue.

15 **[(c)] (D)** A policy described in subsection **[(a) or] (b) OR (C)** of this section may
16 be endorsed to exclude specifically all coverage for any of the following when the named
17 excluded driver is operating a motor vehicle covered under the policy whether or not that
18 operation or use was with the express or implied permission of an individual insured under
19 the policy:

20 (1) the excluded operator or user;

21 (2) the motor vehicle owner;

22 (3) family members residing in the household of the excluded operator or
23 user or motor vehicle owner; and

24 (4) any other person, except for the coverage required by §§ 19–505 and
25 19–509 of this article if that coverage is not available under another motor vehicle policy.

26 **[(d)] (E)** The premiums charged on a policy that excludes a named driver or
27 drivers under this section may not reflect the claim experience or driving record of the
28 excluded named driver or drivers.

29 27–614.

30 (c) (1) Except as provided in paragraph (2) of this subsection, at least 45 days
31 before the effective date of an increase in the total premium for a policy of private passenger
32 motor vehicle liability insurance, the insurer shall send written notice of the premium
33 increase to the insured at the last known address of the insured by a first-class mail
34 tracking method.

35 (2) The notice required by paragraph (1) of this subsection need not be
36 given if the premium increase is part of a general increase in premiums that is filed in
37 accordance with Title 11 of this article and does not result from a reclassification of the

1 insured.

2 (3) The notice may accompany or be included in the renewal offer or policy.

3 (4) The notice must be in duplicate and on a form approved by the
4 Commissioner.

5 (5) The notice must state in clear and specific terms:

6 (i) the premium for the current policy period;

7 (ii) the premium for the renewal policy period;

8 (iii) the basis for the action, including, at a minimum:

9 1. if the premium increase is due wholly or partly to an
10 accident:

11 A. the name of the driver;

12 B. the date of the accident; and

13 C. if fault is a material factor for the insurer's action, a
14 statement that the driver was at fault;

15 2. if the premium increase is due wholly or partly to a
16 violation of the Maryland Vehicle Law or the vehicle laws of another state or territory of
17 the United States:

18 A. the name of the driver;

19 B. the date of the violation; and

20 C. a description of the violation;

21 3. if the premium increase is due wholly or partly to the
22 claims history of an insured, a description of each claim; [and]

23 **4. IF THE PREMIUM INCREASE IS DUE TO A PROGRAM**
24 **THAT MEASURES THE OPERATION OF AN INSURED VEHICLE DURING THE CURRENT**
25 **POLICY PERIOD:**

26 **A. A SPECIFIC DESCRIPTION OF THE FACTOR OR**
27 **FACTORS IN THE PROGRAM RESULTING IN THE PREMIUM INCREASE; AND**

28 **B. THE AMOUNT OF THE PREMIUM INCREASE THAT IS**

1 **ATTRIBUTABLE TO THE PROGRAM; AND**

2 [4.] 5. any other information that is the basis for the insurer's
3 action;

4 (iv) that the insured should contact the insured's insurance producer
5 or insurer for a review of the premium if the insured has a question about the increase in
6 premium or believes the information in the notice is incorrect;

7 (v) the right of the insured to protest the premium increase and, in
8 the case of a premium increase of more than 15% for the entire policy, to request a hearing
9 before the Commissioner by mailing or transmitting by facsimile to the Commissioner:

10 1. a copy of the notice;

11 2. the insured's address and daytime telephone number; and

12 3. a statement of the reason that the insured believes the
13 premium increase is incorrect;

14 (vi) the address and facsimile number of the Administration; and

15 (vii) that the Commissioner shall order the insurer to pay reasonable
16 attorney's fees incurred by the insured for representation at a hearing if the Commissioner
17 finds that:

18 1. the actual reason for the proposed action is not stated in
19 the notice or the proposed action is not in accordance with this article or the insurer's filed
20 rating plan; and

21 2. the insurer's conduct in maintaining or defending the
22 proceeding was in bad faith or the insurer acted willfully in the absence of a bona fide
23 dispute.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2020.