

# SENATE BILL 763

C4, M1

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CF 3lr2120

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By: **Senators Ramirez and Rosapepe**

Introduced and read first time: February 1, 2013

Assigned to: Finance and Education, Health, and Environmental Affairs

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## A BILL ENTITLED

1 AN ACT concerning

2 **Property and Casualty Insurance – Vessel Liability Coverage – Required**

3 FOR the purpose of authorizing certain vessel liability insurance in the State;  
4 providing for the form and coverage under a policy of vessel liability insurance;  
5 providing for the application of this Act to certain vessels; providing for the  
6 construction of this Act in relation to certain other provisions of law; providing  
7 that this Act does not affect certain rights of certain persons; authorizing the  
8 Maryland Insurance Commissioner to review certain policies of vessel liability  
9 insurance for certain purposes; requiring certain policies to provide certain  
10 minimum liability coverage; requiring certain insurers to provide certain  
11 coverage to a first named insured; requiring certain insurers to provide certain  
12 coverage for certain medical, hospital, and disability benefits for certain  
13 individuals unless waived in a certain manner; providing for the calculation of  
14 certain benefits and limits in a certain manner; authorizing certain exclusions  
15 from coverage of certain individuals under certain circumstances; providing for  
16 the waiver of certain benefits by a first named insured in a certain manner and  
17 for the effect of the waiver; prohibiting certain insurers from refusing to  
18 underwrite certain persons because of refusal to waive certain coverage, subject  
19 to certain penalties; providing for the payment of certain benefits without  
20 regard to fault or nonfault of certain persons and certain other circumstances;  
21 providing for the coordination of certain benefits in a certain manner;  
22 prohibiting certain surcharges and retiering; requiring certain insurers to  
23 provide certain notice; providing that certain insurers do not have a right of  
24 subrogation with respect to certain persons and benefits under certain  
25 circumstances; providing for the periodic payment of certain benefits in a  
26 certain manner; requiring certain insurers to provide certain notice to certain  
27 insureds concerning filing of claims for benefits and certain time limits;  
28 requiring certain policies of vessel liability insurance to include certain coverage  
29 for certain damages involving an uninsured vessel in certain amounts;  
30 providing for a certain exclusion from certain uninsured vessel coverage under  
31 certain circumstances; providing for certain coverage in case of an insolvent

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 insurer; providing that a certain final judgment does not preclude certain other  
2 actions; providing for the construction of certain coverage in excess of certain  
3 mandatory minimum liability coverage; providing for certain procedures and  
4 waivers relating to excess coverage; requiring an injured person to provide a  
5 copy of a certain insurer's written liability offer to a certain insurer under  
6 certain circumstances; providing for the acceptance or rejection of the offer by a  
7 certain insurer; providing for the preservation of certain rights of subrogation  
8 under certain circumstances; authorizing an injured person to accept a certain  
9 offer and execute certain releases without prejudice to certain claims; providing  
10 for the construction of the acceptance of certain settlement offers; requiring  
11 certain insurers to offer certain collision coverage in certain amounts with  
12 certain deductibles; providing for certain collision insurance for certain vessels  
13 under certain circumstances; limiting the right of certain persons to recover  
14 duplicative or supplemental benefits under certain circumstances; requiring the  
15 reduction of certain benefits to the extent of certain workers' compensation  
16 benefits under certain circumstances; requiring certain authorized insurers to  
17 arbitrate certain disputes in a certain manner; providing for a certain benefit  
18 for a replacement vessel for certain insureds under certain circumstances;  
19 providing for the construction and application of certain vessel liability  
20 insurance policies that cover more than one individual; authorizing the  
21 Commissioner to adopt certain regulations; providing for the exclusion of  
22 certain individuals from coverage under certain circumstances; providing for the  
23 exclusion of certain individuals as an alternative to cancellation or nonrenewal  
24 of certain coverage; prohibiting certain premiums from reflecting the claim  
25 experience or operation record of certain excluded named operators; requiring  
26 certain minimum security for certain vessels that are principally operated in  
27 the waters of the State; providing for the required form and benefits under the  
28 security; authorizing the Department of Natural Resources to accept certain  
29 forms of security; requiring the Department to assess a certain annual fee on  
30 certain persons for certain purposes; authorizing the Department to adopt  
31 certain regulations; providing that a violation of certain provisions of this Act is  
32 a misdemeanor subject to certain penalties; defining certain terms; making a  
33 stylistic change; providing for the application of this Act; and generally relating  
34 to vessels and required liability insurance.

35 BY adding to  
36 Article – Insurance  
37 Section 19–1001 through 19–1018 to be under the new subtitle “Subtitle 10.  
38 Vessel Liability Insurance”; and 27–609.1  
39 Annotated Code of Maryland  
40 (2011 Replacement Volume and 2012 Supplement)

41 BY repealing and reenacting, with amendments,  
42 Article – Natural Resources  
43 Section 8–701 and 8–739  
44 Annotated Code of Maryland  
45 (2012 Replacement Volume)

1 BY adding to  
2 Article – Natural Resources  
3 Section 8–745  
4 Annotated Code of Maryland  
5 (2012 Replacement Volume)

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

8 **Article – Insurance**

9 **SUBTITLE 10. VESSEL LIABILITY INSURANCE.**

10 **19–1001.**

11 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
12 INDICATED.

13 (B) “NAMED INSURED” MEANS THE PERSON DENOMINATED IN THE  
14 DECLARATIONS IN A VESSEL LIABILITY INSURANCE POLICY.

15 (C) “PERSONAL WATERCRAFT” HAS THE MEANING STATED IN § 8–701  
16 OF THE NATURAL RESOURCES ARTICLE.

17 (D) “VESSEL” HAS THE MEANING STATED IN § 8–701 OF THE NATURAL  
18 RESOURCES ARTICLE.

19 (E) (1) “VESSEL ACCIDENT” MEANS AN OCCURRENCE INVOLVING A  
20 VESSEL SUBJECT TO THIS SUBTITLE THAT RESULTS IN DAMAGE TO PROPERTY  
21 OR INJURY TO A PERSON.

22 (2) “VESSEL ACCIDENT” DOES NOT INCLUDE AN OCCURRENCE  
23 THAT IS CAUSED INTENTIONALLY BY OR AT THE DIRECTION OF THE INSURED.

24 (F) “VESSEL LIABILITY INSURANCE” MEANS INSURANCE FOR  
25 PERSONAL AND PROPERTY DAMAGE INVOLVING A VESSEL ISSUED IN  
26 ACCORDANCE WITH THIS SUBTITLE.

27 **19–1002.**

28 (A) THIS SUBTITLE APPLIES TO EACH VESSEL THAT:

1                   (1) IS PRINCIPALLY OPERATED IN THE WATERS OF THE STATE;  
2 AND

3                   (2) (I) EXCEEDS 16 FEET IN LENGTH AND IS NOT A KAYAK OR  
4 CANOE;

5                               (II) HAS PROPELLING MACHINERY EXCEEDING 7.5  
6 HORSEPOWER, WHETHER OR NOT THE MACHINERY IS THE PRINCIPAL SOURCE  
7 OF PROPULSION FOR THE VESSEL; OR

8                               (III) IS A PERSONAL WATERCRAFT.

9                   (B) THIS SUBTITLE DOES NOT AFFECT TITLE 8 OF THE NATURAL  
10 RESOURCES ARTICLE.

11                   (C) NEITHER THIS SUBTITLE NOR TITLE 8 OF THE NATURAL  
12 RESOURCES ARTICLE PREVENTS AN INSURER FROM ISSUING, SELLING, OR  
13 DELIVERING VESSEL LIABILITY INSURANCE POLICIES THAT PROVIDE LIABILITY  
14 COVERAGE IN EXCESS OF THE REQUIREMENTS OF THE NATURAL RESOURCES  
15 ARTICLE.

16                   (D) (1) THIS SUBTITLE DOES NOT PROHIBIT AN INSURER FROM  
17 PROVIDING BENEFITS FOR CHRISTIAN SCIENCE CARE AND TREATMENT.

18                               (2) EXPENSES FOR CHRISTIAN SCIENCE CARE AND TREATMENT  
19 CONSTITUTE ECONOMIC LOSS FOR PURPOSES OF THIS SUBTITLE.

20                   (E) THIS SUBTITLE DOES NOT AFFECT THE RIGHT OF A PERSON TO  
21 CLAIM AND SUE FOR DAMAGES OR LOSSES THAT THE PERSON SUSTAINS AS THE  
22 RESULT OF A VESSEL ACCIDENT.

23 **19-1003.**

24                   THE COMMISSIONER MAY REVIEW ANY VESSEL LIABILITY INSURANCE  
25 POLICY ISSUED, SOLD, OR DELIVERED IN THE STATE TO DETERMINE WHETHER  
26 IT COMPLIES WITH THIS SUBTITLE AND REGULATIONS ADOPTED UNDER THIS  
27 SUBTITLE.

28 **19-1004.**

29                   EACH VESSEL LIABILITY INSURANCE POLICY ISSUED, SOLD, OR  
30 DELIVERED IN THE STATE SHALL PROVIDE THE MINIMUM LIABILITY COVERAGE  
31 SPECIFIED IN § 8-745 OF THE NATURAL RESOURCES ARTICLE.

1 **19-1005.**

2 (A) THIS SECTION APPLIES TO ANY LIABILITY COVERAGE UNDER A  
3 POLICY OR BINDER OF VESSEL LIABILITY INSURANCE.

4 (B) AN INSURER SHALL PROVIDE TO THE FIRST NAMED INSURED  
5 UNDER A POLICY OR BINDER OF VESSEL LIABILITY INSURANCE LIABILITY  
6 COVERAGE FOR CLAIMS MADE BY A FAMILY MEMBER IN THE SAME AMOUNT AS  
7 THE LIABILITY COVERAGE FOR CLAIMS MADE BY A NONFAMILY MEMBER UNDER  
8 THE POLICY OR BINDER.

9 (C) AN INSURER THAT VIOLATES THIS SECTION IS SUBJECT TO THE  
10 PENALTIES PROVIDED IN §§ 4-113 AND 4-114 OF THIS ARTICLE.

11 **19-1006.**

12 (A) UNLESS WAIVED IN ACCORDANCE WITH § 19-1007 OF THIS  
13 SUBTITLE, EACH INSURER THAT ISSUES, SELLS, OR DELIVERS A VESSEL  
14 LIABILITY INSURANCE POLICY IN THE STATE SHALL PROVIDE COVERAGE FOR  
15 THE MEDICAL, HOSPITAL, AND DISABILITY BENEFITS DESCRIBED IN THIS  
16 SECTION FOR EACH OF THE FOLLOWING INDIVIDUALS:

17 (1) EXCEPT FOR INDIVIDUALS SPECIFICALLY EXCLUDED UNDER §  
18 27-609.1 OF THIS ARTICLE:

19 (I) THE FIRST NAMED INSURED, AND ANY FAMILY MEMBER  
20 OF THE FIRST NAMED INSURED WHO RESIDES IN THE FIRST NAMED INSURED'S  
21 HOUSEHOLD, WHO IS INJURED IN ANY VESSEL ACCIDENT, INCLUDING AN  
22 ACCIDENT THAT INVOLVES AN UNINSURED VESSEL OR A VESSEL THE IDENTITY  
23 OF WHICH CANNOT BE ASCERTAINED; AND

24 (II) ANY OTHER INDIVIDUAL WHO IS INJURED IN A VESSEL  
25 ACCIDENT WHILE USING THE INSURED VESSEL WITH THE EXPRESS OR IMPLIED  
26 PERMISSION OF THE NAMED INSURED;

27 (2) AN INDIVIDUAL WHO IS INJURED IN A VESSEL ACCIDENT  
28 WHILE OCCUPYING THE INSURED VESSEL AS A GUEST OR PASSENGER; AND

29 (3) AN INDIVIDUAL WHO IS INJURED IN A VESSEL ACCIDENT THAT  
30 INVOLVES THE INSURED VESSEL WHILE IN, ON, OR ALIGHTING FROM A VESSEL  
31 THAT IS OPERATED BY ANIMAL OR MUSCULAR POWER.

1           **(B) (1) IN THIS SUBSECTION, "INCOME" MEANS:**

2                           **(I) WAGES, SALARIES, TIPS, COMMISSIONS, PROFESSIONAL**  
3 **FEES, AND OTHER EARNINGS FROM WORK OR EMPLOYMENT;**

4                           **(II) EARNINGS FROM A BUSINESS OR FARM OWNED**  
5 **INDIVIDUALLY, JOINTLY, OR IN PARTNERSHIP; AND**

6                           **(III) TO THE EXTENT EARNINGS ARE PAID OR PAYABLE IN**  
7 **PROPERTY OR SERVICES INSTEAD OF IN CASH, THE REASONABLE VALUE OF THE**  
8 **PROPERTY OR SERVICES.**

9           **(2) THE MINIMUM MEDICAL, HOSPITAL, AND DISABILITY**  
10 **BENEFITS PROVIDED BY AN INSURER UNDER THIS SECTION SHALL INCLUDE UP**  
11 **TO \$2,500 FOR:**

12                           **(I) PAYMENT OF ALL REASONABLE AND NECESSARY**  
13 **EXPENSES THAT ARISE FROM A VESSEL ACCIDENT AND THAT ARE INCURRED**  
14 **WITHIN 3 YEARS AFTER THE ACCIDENT FOR NECESSARY PROSTHETIC DEVICES**  
15 **AND AMBULANCE, DENTAL, FUNERAL, HOSPITAL, MEDICAL, PROFESSIONAL**  
16 **NURSING, SURGICAL, AND X-RAY SERVICES;**

17                           **(II) PAYMENT OF BENEFITS FOR 85% OF INCOME LOST:**

18                                   **1. WITHIN 3 YEARS AFTER, AND RESULTING FROM, A**  
19 **VESSEL ACCIDENT; AND**

20                                   **2. BY AN INJURED INDIVIDUAL WHO WAS EARNING**  
21 **OR PRODUCING INCOME WHEN THE ACCIDENT OCCURRED; AND**

22                           **(III) PAYMENTS MADE IN REIMBURSEMENT OF REASONABLE**  
23 **AND NECESSARY EXPENSES INCURRED WITHIN 3 YEARS AFTER A VESSEL**  
24 **ACCIDENT FOR ESSENTIAL SERVICES ORDINARILY PERFORMED FOR THE CARE**  
25 **AND MAINTENANCE OF THE FAMILY OR FAMILY HOUSEHOLD BY AN INDIVIDUAL**  
26 **WHO WAS INJURED IN THE ACCIDENT AND NOT EARNING OR PRODUCING**  
27 **INCOME WHEN THE ACCIDENT OCCURRED.**

28           **(3) AS A CONDITION OF PROVIDING LOSS OF INCOME BENEFITS**  
29 **UNDER THIS SUBSECTION, AN INSURER MAY REQUIRE THE INJURED INDIVIDUAL**  
30 **TO FURNISH THE INSURER WITH REASONABLE MEDICAL PROOF OF THE INJURY**  
31 **CAUSING LOSS OF INCOME.**

1           **(C) AN INSURER MAY EXCLUDE FROM THE COVERAGE DESCRIBED IN**  
2 **THIS SECTION BENEFITS FOR:**

3           **(1) AN INDIVIDUAL, OTHERWISE INSURED UNDER THE POLICY,**  
4 **WHO:**

5                   **(I) INTENTIONALLY CAUSES THE VESSEL ACCIDENT**  
6 **RESULTING IN THE INJURY FOR WHICH BENEFITS ARE CLAIMED;**

7                   **(II) IS INJURED IN A VESSEL ACCIDENT WHILE OPERATING**  
8 **OR VOLUNTARILY RIDING IN A VESSEL THAT THE INDIVIDUAL KNOWS IS**  
9 **STOLEN; OR**

10                   **(III) IS INJURED IN A VESSEL ACCIDENT WHILE COMMITTING**  
11 **A FELONY; OR**

12           **(2) THE NAMED INSURED OR A FAMILY MEMBER OF THE NAMED**  
13 **INSURED WHO RESIDES IN THE NAMED INSURED'S HOUSEHOLD FOR AN INJURY**  
14 **THAT OCCURS WHILE THE NAMED INSURED OR FAMILY MEMBER IS OCCUPYING**  
15 **AN UNINSURED VESSEL OWNED BY:**

16                   **(I) THE NAMED INSURED; OR**

17                   **(II) AN IMMEDIATE FAMILY MEMBER OF THE NAMED**  
18 **INSURED WHO RESIDES IN THE NAMED INSURED'S HOUSEHOLD.**

19 **19-1007.**

20           **(A) (1) IF THE FIRST NAMED INSURED DOES NOT WISH TO OBTAIN**  
21 **THE BENEFITS DESCRIBED IN § 19-1006 OF THIS SUBTITLE, THE FIRST NAMED**  
22 **INSURED SHALL MAKE AN AFFIRMATIVE WRITTEN WAIVER OF THOSE BENEFITS.**

23                   **(2) IF THE FIRST NAMED INSURED DOES NOT MAKE AN**  
24 **AFFIRMATIVE WRITTEN WAIVER UNDER THIS SECTION, THE INSURER SHALL**  
25 **PROVIDE THE COVERAGE DESCRIBED IN § 19-1006 OF THIS SUBTITLE.**

26           **(B) (1) A WAIVER MADE UNDER THIS SECTION CONSTITUTES A**  
27 **WAIVER OF ALL THE BENEFITS DESCRIBED IN § 19-1006 OF THIS SUBTITLE,**  
28 **WHETHER PROVIDED UNDER:**

29                   **(I) THE FIRST NAMED INSURED'S POLICY;**

1                   **(II) ANY OTHER VESSEL LIABILITY INSURANCE POLICY**  
2 **ISSUED IN THE STATE; OR**

3                   **(III) ANOTHER FORM OF SECURITY USED IN PLACE OF A**  
4 **VESSEL LIABILITY INSURANCE POLICY AS AUTHORIZED UNDER § 8-745(B)(2) OF**  
5 **THE NATURAL RESOURCES ARTICLE.**

6                   **(2) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, A WAIVER**  
7 **MADE UNDER THIS SECTION IS BINDING ON THE FOLLOWING INDIVIDUALS**  
8 **COVERED BY THE POLICY:**

9                   **(I) EACH NAMED INSURED;**

10                   **(II) EACH LISTED OPERATOR; AND**

11                   **(III) EACH MEMBER OF THE FIRST NAMED INSURED'S FAMILY**  
12 **RESIDING IN THE FIRST NAMED INSURED'S HOUSEHOLD WHO IS AT LEAST 16**  
13 **YEARS OLD.**

14                   **(3) AN INDIVIDUAL LISTED IN PARAGRAPH (2)(II) OR (III) OF THIS**  
15 **SUBSECTION MAY RECOVER THE BENEFITS DESCRIBED IN § 19-1006 OF THIS**  
16 **SUBTITLE UNDER ANOTHER VESSEL LIABILITY INSURANCE POLICY IF THAT**  
17 **INDIVIDUAL:**

18                   **(I) IS THE FIRST NAMED INSURED UNDER THE OTHER**  
19 **POLICY;**

20                   **(II) HAS NOT WAIVED THE BENEFITS DESCRIBED IN §**  
21 **19-1006 OF THIS SUBTITLE UNDER THE OTHER POLICY; AND**

22                   **(III) IS NOT A NAMED INSURED UNDER ANY OTHER VESSEL**  
23 **LIABILITY INSURANCE POLICY UNDER WHICH A WAIVER OF THE BENEFITS**  
24 **DESCRIBED IN § 19-1006 OF THIS SUBTITLE IS IN EFFECT.**

25                   **(C) A WAIVER MADE UNDER THIS SECTION IS NOT EFFECTIVE UNLESS,**  
26 **PRIOR TO THE WAIVER, THE INSURER GIVES THE FIRST NAMED INSURED**  
27 **WRITTEN NOTICE OF THE NATURE, EXTENT, AND COST OF THE COVERAGE**  
28 **DESCRIBED IN § 19-1006 OF THIS SUBTITLE.**

29                   **(D) (1) A WAIVER MADE UNDER THIS SECTION SHALL BE MADE ON**  
30 **THE FORM THAT THE COMMISSIONER REQUIRES.**

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



1           **(3) THE FORM SHALL CLEARLY AND CONCISELY EXPLAIN IN**  
2 **10 POINT BOLDFACE TYPE:**

3                   **(I) THE NATURE, EXTENT, AND COST OF THE COVERAGE**  
4 **THAT WOULD BE PROVIDED UNDER THE POLICY IF NOT WAIVED BY THE FIRST**  
5 **NAMED INSURED;**

6                   **(II) EACH EFFECT OF A WAIVER AS STATED IN SUBSECTION**  
7 **(B) OF THIS SECTION;**

8                   **(III) THAT A FAILURE OF THE FIRST NAMED INSURED TO**  
9 **MAKE A WAIVER REQUIRES AN INSURER TO PROVIDE THE COVERAGE**  
10 **DESCRIBED IN § 19-1006 OF THIS SUBTITLE;**

11                   **(IV) THAT AN INSURER MAY NOT REFUSE TO UNDERWRITE A**  
12 **PERSON BECAUSE THE PERSON REFUSES TO WAIVE THE COVERAGE DESCRIBED**  
13 **IN § 19-1006 OF THIS SUBTITLE; AND**

14                   **(V) THAT A WAIVER MADE UNDER THIS SECTION MUST BE**  
15 **AN AFFIRMATIVE WRITTEN WAIVER.**

16           **(E) A WAIVER MADE UNDER THIS SECTION BY A PERSON THAT IS**  
17 **INSURED CONTINUOUSLY BY THE INSURER IS EFFECTIVE UNTIL THE WAIVER IS**  
18 **WITHDRAWN IN WRITING.**

19           **(F) (1) AN INSURER MAY NOT REFUSE TO UNDERWRITE A PERSON**  
20 **BECAUSE THE PERSON REFUSES TO WAIVE THE COVERAGE DESCRIBED IN §**  
21 **19-1006 OF THIS SUBTITLE.**

22                   **(2) AN INSURER THAT VIOLATES THIS SUBSECTION IS SUBJECT**  
23 **TO THE PENALTIES PROVIDED BY §§ 4-113 AND 4-114 OF THIS ARTICLE.**

24 **19-1008.**

25           **(A) THE BENEFITS DESCRIBED IN § 19-1006 OF THIS SUBTITLE SHALL**  
26 **BE PAYABLE WITHOUT REGARD TO:**

27                   **(1) THE FAULT OR NONFAULT OF THE NAMED INSURED OR THE**  
28 **RECIPIENT OF BENEFITS IN CAUSING OR CONTRIBUTING TO THE VESSEL**  
29 **ACCIDENT; AND**

1           **(2) ANY COLLATERAL SOURCE OF MEDICAL, HOSPITAL, OR WAGE**  
2 **CONTINUATION BENEFITS.**

3           **(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IF THE**  
4 **INSURED HAS BOTH COVERAGE FOR THE BENEFITS DESCRIBED IN § 19-1006 OF**  
5 **THIS SUBTITLE AND A COLLATERAL SOURCE OF MEDICAL, HOSPITAL, OR WAGE**  
6 **CONTINUATION BENEFITS, THE INSURER OR INSURERS MAY COORDINATE THE**  
7 **POLICIES TO PROVIDE FOR NONDUPLICATION OF BENEFITS, SUBJECT TO**  
8 **APPROPRIATE REDUCTIONS IN PREMIUMS FOR ONE OR BOTH OF THE POLICIES**  
9 **APPROVED BY THE COMMISSIONER.**

10           **(2) THE NAMED INSURED MAY:**

11                   **(I) ELECT TO COORDINATE THE POLICIES BY INDICATING**  
12 **IN WRITING WHICH POLICY IS TO BE THE PRIMARY POLICY; OR**

13                   **(II) REJECT THE COORDINATION OF POLICIES AND**  
14 **NONDUPLICATION OF BENEFITS.**

15           **(C) (1) AN INSURER THAT ISSUES A POLICY THAT CONTAINS THE**  
16 **COVERAGE DESCRIBED IN § 19-1006 OF THIS SUBTITLE MAY NOT IMPOSE A**  
17 **SURCHARGE OR RETIER THE POLICY FOR A CLAIM OR PAYMENT MADE UNDER**  
18 **THAT COVERAGE.**

19           **(2) AT THE TIME THE POLICY IS ISSUED, THE INSURER SHALL**  
20 **NOTIFY THE POLICYHOLDER IN WRITING THAT A SURCHARGE MAY NOT BE**  
21 **IMPOSED AND THE POLICY MAY NOT BE RETIERED FOR A CLAIM OR PAYMENT**  
22 **MADE UNDER THAT COVERAGE.**

23           **(D) AN INSURER THAT PROVIDES THE BENEFITS DESCRIBED IN §**  
24 **19-1006 OF THIS SUBTITLE DOES NOT HAVE A RIGHT OF SUBROGATION AND**  
25 **DOES NOT HAVE A CLAIM AGAINST ANY OTHER PERSON OR INSURER TO**  
26 **RECOVER ANY BENEFITS PAID BECAUSE OF THE ALLEGED FAULT OF THE OTHER**  
27 **PERSON IN CAUSING OR CONTRIBUTING TO A VESSEL ACCIDENT.**

28 **19-1009.**

29           **(A) (1) SUBJECT TO PARAGRAPHS (2) AND (3) OF THIS SUBSECTION,**  
30 **AN INSURER SHALL MAKE ALL PAYMENTS OF THE BENEFITS DESCRIBED IN §**  
31 **19-1006 OF THIS SUBTITLE PERIODICALLY AS CLAIMS FOR THE BENEFITS ARISE**  
32 **AND WITHIN 30 DAYS AFTER THE INSURER RECEIVES SATISFACTORY PROOF OF**  
33 **CLAIM.**

1           **(2) A POLICY THAT CONTAINS THE COVERAGE DESCRIBED IN §**  
2 **19-1006 OF THIS SUBTITLE MAY:**

3           **(I) SET A PERIOD OF NOT LESS THAN 12 MONTHS AFTER**  
4 **THE DATE OF THE VESSEL ACCIDENT WITHIN WHICH THE ORIGINAL CLAIM FOR**  
5 **BENEFITS MUST BE FILED WITH THE INSURER; AND**

6           **(II) PROVIDE THAT IF, AFTER A LAPSE IN THE PERIOD OF**  
7 **TOTAL DISABILITY OR IN THE MEDICAL TREATMENT OF AN INJURED**  
8 **INDIVIDUAL WHO HAS RECEIVED BENEFITS UNDER THAT COVERAGE, THE**  
9 **INDIVIDUAL CLAIMS ADDITIONAL BENEFITS BASED ON AN ALLEGED**  
10 **RECURRENCE OF THE INJURY FOR WHICH THE ORIGINAL CLAIM FOR BENEFITS**  
11 **WAS MADE, THE INSURER MAY REQUIRE REASONABLE MEDICAL PROOF OF THE**  
12 **ALLEGED RECURRENCE.**

13           **(3) THE AGGREGATE BENEFITS PAYABLE TO AN INDIVIDUAL**  
14 **UNDER THIS SUBSECTION MAY NOT EXCEED THE MAXIMUM LIMITS STATED IN**  
15 **THE POLICY.**

16           **(B) (1) WHEN AN INSURER THAT PROVIDES THE BENEFITS**  
17 **DESCRIBED IN § 19-1006 OF THIS SUBTITLE RECEIVES WRITTEN NOTICE FROM**  
18 **AN INSURED OF THE OCCURRENCE OF A VESSEL ACCIDENT FOR WHICH**  
19 **BENEFITS MAY BE AVAILABLE UNDER § 19-1006 OF THIS SUBTITLE, THE**  
20 **INSURER SHALL NOTIFY THE INSURED BY MAIL OF THE LATEST DATE ON WHICH**  
21 **A CLAIM MAY BE FILED FOR BENEFITS UNDER § 19-1006 OF THIS SUBTITLE AS**  
22 **PROVIDED IN SUBSECTION (A)(2)(I) OF THIS SECTION.**

23           **(2) AN INSURER IS NOT REQUIRED UNDER PARAGRAPH (1) OF**  
24 **THIS SUBSECTION TO SEND ANY NOTICE TO THE INSURED AS TO ANY FIRST**  
25 **PARTY CLAIM FOR BENEFITS OTHER THAN THE BENEFITS UNDER § 19-1006 OF**  
26 **THIS SUBTITLE.**

27           **(C) PAYMENTS OF BENEFITS THAT ARE NOT MADE IN ACCORDANCE**  
28 **WITH THIS SECTION AND THAT ARE OVERDUE SHALL BEAR SIMPLE INTEREST AT**  
29 **THE RATE OF 1.5% PER MONTH.**

30 **19-1010.**

31           **(A) IN THIS SECTION, “UNINSURED VESSEL” MEANS A VESSEL:**

32           **(1) THE OWNERSHIP, MAINTENANCE, OR USE OF WHICH HAS**  
33 **RESULTED IN THE BODILY INJURY OR DEATH OF AN INSURED; AND**

1           **(2) FOR WHICH THE SUM OF THE LIMITS OF LIABILITY UNDER ALL**  
2 **VALID AND COLLECTIBLE LIABILITY INSURANCE POLICIES, BONDS, AND**  
3 **SECURITIES APPLICABLE TO BODILY INJURY OR DEATH:**

4                   **(I) IS LESS THAN THE AMOUNT OF COVERAGE PROVIDED**  
5 **UNDER THIS SECTION; OR**

6                   **(II) HAS BEEN REDUCED BY PAYMENT TO OTHER PERSONS**  
7 **OF CLAIMS ARISING FROM THE SAME OCCURRENCE TO AN AMOUNT LESS THAN**  
8 **THE AMOUNT OF COVERAGE PROVIDED UNDER THIS SECTION.**

9           **(B) IN ADDITION TO ANY OTHER COVERAGE REQUIRED BY THIS**  
10 **SUBTITLE, EACH VESSEL LIABILITY INSURANCE POLICY ISSUED, SOLD, OR**  
11 **DELIVERED IN THIS STATE AFTER JANUARY 1, 2014, SHALL CONTAIN**  
12 **COVERAGE FOR DAMAGES, SUBJECT TO THE POLICY LIMITS, THAT:**

13                   **(1) THE INSURED IS ENTITLED TO RECOVER FROM THE OWNER**  
14 **OR OPERATOR OF AN UNINSURED VESSEL BECAUSE OF BODILY INJURIES**  
15 **SUSTAINED IN A VESSEL ACCIDENT ARISING OUT OF THE OWNERSHIP,**  
16 **MAINTENANCE, OR USE OF THE UNINSURED VESSEL; AND**

17                   **(2) A SURVIVING RELATIVE OF THE INSURED, WHO IS DESCRIBED**  
18 **IN § 3-904 OF THE COURTS ARTICLE, IS ENTITLED TO RECOVER FROM THE**  
19 **OWNER OR OPERATOR OF AN UNINSURED VESSEL BECAUSE THE INSURED DIED**  
20 **AS THE RESULT OF A VESSEL ACCIDENT ARISING OUT OF THE OWNERSHIP,**  
21 **MAINTENANCE, OR USE OF THE UNINSURED VESSEL.**

22           **(C) THE UNINSURED VESSEL COVERAGE REQUIRED BY THIS SECTION**  
23 **SHALL BE IN THE FORM AND SUBJECT TO THE CONDITIONS THAT THE**  
24 **COMMISSIONER APPROVES.**

25           **(D) (1) THE UNINSURED VESSEL COVERAGE CONTAINED IN A VESSEL**  
26 **LIABILITY INSURANCE POLICY:**

27                   **(I) SHALL AT LEAST EQUAL THE AMOUNTS REQUIRED BY §**  
28 **8-745 OF THE NATURAL RESOURCES ARTICLE; AND**

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

31           **(2) UNLESS WAIVED IN ACCORDANCE WITH § 19-1012 OF THIS**  
32 **SUBTITLE, THE AMOUNT OF UNINSURED VESSEL COVERAGE PROVIDED UNDER A**

1 VESSEL LIABILITY INSURANCE POLICY SHALL EQUAL THE AMOUNT OF LIABILITY  
2 COVERAGE PROVIDED UNDER THE POLICY.

3 (E) AN INSURER MAY EXCLUDE FROM THE UNINSURED VESSEL  
4 COVERAGE REQUIRED BY THIS SECTION BENEFITS FOR THE NAMED INSURED OR  
5 A FAMILY MEMBER OF THE NAMED INSURED WHO RESIDES IN THE NAMED  
6 INSURED'S HOUSEHOLD FOR AN INJURY THAT OCCURS WHEN THE NAMED  
7 INSURED OR FAMILY MEMBER IS OCCUPYING AN UNINSURED VESSEL THAT IS  
8 OWNED BY THE NAMED INSURED OR AN IMMEDIATE FAMILY MEMBER OF THE  
9 NAMED INSURED WHO RESIDES IN THE NAMED INSURED'S HOUSEHOLD.

10 (F) THE LIMIT OF LIABILITY FOR AN INSURER THAT PROVIDES  
11 UNINSURED VESSEL COVERAGE UNDER THIS SECTION IS THE AMOUNT OF THE  
12 COVERAGE LESS THE AMOUNT PAID TO THE INSURED THAT EXHAUSTS ANY  
13 APPLICABLE LIABILITY INSURANCE POLICIES, BONDS, AND SECURITIES, ON  
14 BEHALF OF ANY PERSON THAT MAY BE HELD LIABLE FOR THE BODILY INJURIES  
15 OR DEATH OF THE INSURED.

16 (G) (1) A POLICY THAT, AS ITS PRIMARY PURPOSE, PROVIDES  
17 COVERAGE IN EXCESS OF OTHER VALID AND COLLECTIBLE INSURANCE OR  
18 QUALIFIED SELF-INSURANCE MAY INCLUDE THE UNINSURED VESSEL  
19 COVERAGE PROVIDED FOR IN THIS SECTION.

20 (2) THE UNINSURED VESSEL COVERAGE REQUIRED BY THIS  
21 SECTION IS PRIMARY TO ANY OTHER RIGHT TO RECOVERY.

22 (H) AN ENDORSEMENT OR PROVISION THAT PROTECTS THE INSURED  
23 AGAINST DAMAGES CAUSED BY AN UNINSURED VESSEL THAT IS CONTAINED IN A  
24 POLICY ISSUED AND DELIVERED IN THE STATE IS DEEMED TO COVER DAMAGES  
25 CAUSED BY A VESSEL INSURED BY A LIABILITY INSURER THAT IS INSOLVENT OR  
26 OTHERWISE UNABLE TO PAY CLAIMS TO THE SAME EXTENT AND IN THE SAME  
27 MANNER AS IF THE DAMAGES WERE CAUSED BY AN UNINSURED VESSEL.

28 (I) A PROVISION IN A VESSEL LIABILITY INSURANCE POLICY  
29 REGARDING COVERAGE FOR DAMAGES SUSTAINED BY THE INSURED AS A  
30 RESULT OF THE OPERATION OF AN UNINSURED VESSEL THAT REQUIRES A  
31 DISPUTE BETWEEN THE INSURED AND THE INSURER TO BE SUBMITTED TO  
32 BINDING ARBITRATION IS PROHIBITED AND IS OF NO LEGAL EFFECT.

33 19-1011.

34 A FINAL JUDGMENT IN AN ACTION FOR PERSONAL INJURY PROTECTION  
35 COVERAGE UNDER A VESSEL LIABILITY INSURANCE POLICY DOES NOT

1 PRECLUDE A SUBSEQUENT ACTION FOR UNINSURED OR UNDERINSURED VESSEL  
2 COVERAGE ARISING OUT OF THE SAME VESSEL ACCIDENT OR OCCURRENCE.

3 19-1012.

4 (A) THIS SECTION APPLIES ONLY WHEN THE LIABILITY COVERAGE  
5 UNDER A POLICY OR BINDER OF VESSEL LIABILITY INSURANCE EXCEEDS THE  
6 AMOUNT REQUIRED UNDER § 8-745 OF THE NATURAL RESOURCES ARTICLE.

7 (B) (1) IF THE FIRST NAMED INSURED UNDER A POLICY OR BINDER  
8 OF PRIVATE VESSEL LIABILITY INSURANCE DOES NOT WISH TO OBTAIN  
9 UNINSURED VESSEL COVERAGE IN THE SAME AMOUNT AS THE LIABILITY  
10 COVERAGE PROVIDED UNDER THE POLICY OR BINDER, THE FIRST NAMED  
11 INSURED SHALL MAKE AN AFFIRMATIVE WRITTEN WAIVER OF HAVING  
12 UNINSURED VESSEL COVERAGE IN THE SAME AMOUNT AS THE LIABILITY  
13 COVERAGE.

14 (2) IF THE FIRST NAMED INSURED DOES NOT MAKE AN  
15 AFFIRMATIVE WRITTEN WAIVER UNDER THIS SECTION, THE INSURER SHALL  
16 PROVIDE UNINSURED VESSEL COVERAGE IN AN AMOUNT EQUAL TO THE  
17 AMOUNT OF THE LIABILITY COVERAGE PROVIDED UNDER THE POLICY OR  
18 BINDER.

19 (C) A WAIVER MADE UNDER THIS SECTION IS NOT EFFECTIVE UNLESS,  
20 PRIOR TO THE WAIVER, THE INSURER GIVES THE FIRST NAMED INSURED  
21 WRITTEN NOTICE OF THE NATURE, EXTENT, BENEFIT, AND COST OF THE LEVEL  
22 OF THE UNINSURED VESSEL COVERAGE BEING WAIVED.

23 (D) (1) A WAIVER MADE UNDER THIS SECTION SHALL BE MADE ON  
24 THE FORM THAT THE COMMISSIONER REQUIRES.

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

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

28 (I) THE NATURE, EXTENT, BENEFIT, AND COST OF THE  
29 LEVEL OF THE UNINSURED VESSEL COVERAGE THAT WOULD BE PROVIDED  
30 UNDER THE POLICY IF NOT WAIVED BY THE FIRST NAMED INSURED;

31 (II) THAT A FAILURE OF THE FIRST NAMED INSURED TO  
32 MAKE A WAIVER REQUIRES AN INSURER TO PROVIDE UNINSURED VESSEL  
33 COVERAGE IN AN AMOUNT EQUAL TO THE AMOUNT OF THE LIABILITY

1 COVERAGE PROVIDED UNDER THE POLICY OR BINDER OF VESSEL LIABILITY  
2 INSURANCE;

3 (III) THAT AN INSURER MAY NOT REFUSE TO UNDERWRITE A  
4 PERSON BECAUSE THE PERSON REFUSES TO WAIVE THE EXCESS UNINSURED  
5 VESSEL COVERAGE UNDER THIS SECTION; AND

6 (IV) THAT A WAIVER MADE UNDER THIS SECTION MUST BE  
7 AN AFFIRMATIVE WRITTEN WAIVER.

8 (4) SUBJECT TO THE COMMISSIONER'S APPROVAL, A WAIVER  
9 MADE UNDER THIS SECTION MAY BE MADE ON THE SAME FORM AS THE WAIVER  
10 MADE UNDER § 19-1007 OF THIS SUBTITLE.

11 (E) A WAIVER MADE UNDER THIS SECTION BY A PERSON THAT IS  
12 INSURED CONTINUOUSLY BY AN INSURER IS EFFECTIVE UNTIL THE WAIVER IS  
13 WITHDRAWN IN WRITING.

14 (F) (1) AN INSURER MAY NOT REFUSE TO UNDERWRITE A PERSON  
15 BECAUSE THE PERSON REFUSES TO WAIVE THE EXCESS UNINSURED VESSEL  
16 COVERAGE UNDER THIS SECTION.

17 (2) AN INSURER THAT VIOLATES THIS SUBSECTION IS SUBJECT  
18 TO THE PENALTIES PROVIDED BY §§ 4-113 AND 4-114 OF THIS ARTICLE.

19 19-1013.

20 (A) IF AN INJURED PERSON RECEIVES A WRITTEN OFFER FROM A  
21 VESSEL LIABILITY INSURER OR THE INSURER'S AUTHORIZED AGENT TO SETTLE  
22 A CLAIM FOR BODILY INJURY OR DEATH, AND THE AMOUNT OF THE  
23 SETTLEMENT OFFER, IN COMBINATION WITH ANY OTHER SETTLEMENTS  
24 ARISING OUT OF THE SAME OCCURRENCE, WOULD EXHAUST THE BODILY  
25 INJURY OR DEATH LIMITS OF THE APPLICABLE LIABILITY INSURANCE POLICIES,  
26 BONDS, AND SECURITIES, THE INJURED PERSON SHALL SEND BY CERTIFIED  
27 MAIL, TO ANY INSURER THAT PROVIDES UNINSURED VESSEL COVERAGE FOR  
28 THE BODILY INJURY OR DEATH, A COPY OF THE LIABILITY INSURER'S WRITTEN  
29 SETTLEMENT OFFER.

30 (B) WITHIN 60 DAYS AFTER RECEIPT OF THE NOTICE REQUIRED UNDER  
31 SUBSECTION (A) OF THIS SECTION, THE UNINSURED VESSEL INSURER SHALL  
32 SEND TO THE INJURED PERSON:

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

3           **(2) WRITTEN REFUSAL TO CONSENT TO ACCEPTANCE OF THE**  
4 **SETTLEMENT OFFER.**

5           **(C) WITHIN 30 DAYS AFTER A REFUSAL TO CONSENT TO ACCEPTANCE**  
6 **OF A SETTLEMENT OFFER UNDER SUBSECTION (B)(2) OF THIS SECTION, THE**  
7 **UNINSURED VESSEL INSURER SHALL PAY TO THE INJURED PERSON THE**  
8 **AMOUNT OF THE SETTLEMENT OFFER.**

9           **(D) (1) PAYMENT UNDER SUBSECTION (C) OF THIS SECTION SHALL**  
10 **PRESERVE THE UNINSURED VESSEL INSURER'S SUBROGATION RIGHTS AGAINST**  
11 **THE LIABILITY INSURER AND ITS INSURED.**

12           **(2) RECEIPT BY THE INJURED PERSON OF THE PAYMENT UNDER**  
13 **SUBSECTION (C) OF THIS SECTION SHALL CONSTITUTE THE ASSIGNMENT, UP TO**  
14 **THE AMOUNT OF THE PAYMENT, OF ANY RECOVERY ON BEHALF OF THE**  
15 **INJURED PERSON THAT IS SUBSEQUENTLY PAID FROM THE APPLICABLE**  
16 **LIABILITY INSURANCE POLICIES, BONDS, AND SECURITIES.**

17           **(E) THE INJURED PERSON MAY ACCEPT THE LIABILITY INSURER'S**  
18 **SETTLEMENT OFFER AND EXECUTE RELEASES IN FAVOR OF THE LIABILITY**  
19 **INSURER AND ITS INSURED WITHOUT PREJUDICE TO ANY CLAIM THE INJURED**  
20 **PERSON MAY HAVE AGAINST THE UNINSURED LIABILITY INSURER:**

21           **(1) ON RECEIPT OF WRITTEN CONSENT TO ACCEPTANCE OF THE**  
22 **SETTLEMENT OFFER AND TO THE EXECUTION OF RELEASES; OR**

23           **(2) IF THE UNINSURED VESSEL INSURER HAS NOT MET THE**  
24 **REQUIREMENTS OF SUBSECTION (B) OR (C) OF THIS SECTION.**

25           **(F) WRITTEN CONSENT BY AN UNINSURED VESSEL INSURER TO**  
26 **ACCEPTANCE OF A SETTLEMENT OFFER UNDER SUBSECTION (B)(1) OF THIS**  
27 **SECTION:**

28           **(1) MAY NOT BE CONSTRUED TO LIMIT THE RIGHT OF THE**  
29 **UNINSURED VESSEL INSURER TO RAISE ANY ISSUE RELATING TO LIABILITY OR**  
30 **DAMAGES IN AN ACTION AGAINST THE UNINSURED VESSEL INSURER; AND**

31           **(2) DOES NOT CONSTITUTE AN ADMISSION BY THE UNINSURED**  
32 **VESSEL INSURER AS TO ANY ISSUE RAISED IN AN ACTION AGAINST THE**  
33 **UNINSURED VESSEL INSURER.**



1 19-1014.

2 (A) (1) EACH INSURER THAT ISSUES, SELLS, OR DELIVERS A VESSEL  
3 INSURANCE POLICY IN THIS STATE SHALL OFFER COLLISION COVERAGE FOR  
4 DAMAGE TO INSURED VESSELS SUBJECT TO DEDUCTIBLES OF \$50 TO \$250 IN  
5 \$50 INCREMENTS.

6 (2) COLLISION COVERAGE SHALL PROVIDE INSURANCE, WITHOUT  
7 REGARD TO FAULT, AGAINST ACCIDENTAL PROPERTY DAMAGE TO THE INSURED  
8 VESSEL CAUSED BY PHYSICAL CONTACT OF THE INSURED VESSEL WITH  
9 ANOTHER VESSEL OR OTHER OBJECT OR BY UPSET OF THE INSURED VESSEL, IF  
10 THE VESSEL ACCIDENT OCCURS IN A STATE, CANADA, OR MEXICO.

11 (B) (1) IF A VESSEL INSURANCE POLICY ISSUED, SOLD, OR  
12 DELIVERED IN THIS STATE INCLUDES:

13 (I) COLLISION COVERAGE UNDER THIS SECTION, THE  
14 VESSELS INSURED UNDER THAT COVERAGE SHALL INCLUDE ANY VESSEL THAT  
15 IS RENTED BY AN INSURED FOR A PERIOD OF 30 DAYS OR LESS UNDER A RENTAL  
16 AGREEMENT; OR

17 (II) COMPREHENSIVE COVERAGE, THE VESSELS INSURED  
18 UNDER THAT COVERAGE SHALL INCLUDE ANY REPLACEMENT VESSELS.

19 (2) EACH INSURER THAT PROVIDES A VESSEL INSURANCE POLICY  
20 THAT INCLUDES COLLISION COVERAGE SHALL GIVE THE INSURED A SEPARATE  
21 NOTICE WRITTEN IN BOLDFACE TYPE THAT THE INSURED DOES NOT NEED A  
22 COLLISION DAMAGE WAIVER OR ANY ADDITIONAL COLLISION COVERAGE WHEN  
23 RENTING A VESSEL FOR A PERIOD OF 30 DAYS OR LESS DURING THE TERM OF  
24 THE POLICY.

25 (3) AN INSURER MAY NOT DENY COVERAGE TO AN INSURED FOR  
26 COLLISION DAMAGE TO A RENTAL VESSEL BECAUSE:

27 (I) THE VESSEL ACCIDENT INVOLVED AN UNINSURED  
28 VESSEL; OR

29 (II) THE IDENTITY OF THE VESSEL CAUSING THE DAMAGE  
30 CANNOT BE ASCERTAINED.

31 (C) AN INSURER MAY OFFER TO PROVIDE TO THE INSURED COVERAGE  
32 FOR DAMAGES INCURRED BY THE INSURED AS A RESULT OF THE LOSS OF USE

1 OF A RENTAL VESSEL THAT SUSTAINS COLLISION DAMAGE WHILE RENTED BY  
2 THE INSURED.

3 19-1015.

4 (A) THIS SECTION DOES NOT PROHIBIT A NONPROFIT HEALTH SERVICE  
5 PLAN OR AN AUTHORIZED INSURER, WITH THE APPROVAL OF THE  
6 COMMISSIONER, FROM PROVIDING MEDICAL, HOSPITAL, AND DISABILITY  
7 BENEFITS IN CONNECTION WITH VESSEL ACCIDENTS.

8 (B) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SUBTITLE, A  
9 PERSON MAY NOT RECOVER BENEFITS UNDER THE COVERAGES DESCRIBED IN  
10 §§ 19-1004, 19-1006, 19-1010, AND 19-1014 OF THIS SUBTITLE FROM MORE  
11 THAN ONE VESSEL LIABILITY INSURANCE POLICY OR INSURER ON A  
12 DUPLICATIVE OR SUPPLEMENTAL BASIS.

13 (C) THE INSURER OF A VESSEL FOR WHICH THE COVERAGE UNDER §  
14 19-1006 OF THIS SUBTITLE IS IN EFFECT SHALL PAY THE BENEFITS UNDER §  
15 19-1006 OF THIS SUBTITLE TO AN INDIVIDUAL WHO IS INJURED IN A VESSEL  
16 ACCIDENT:

17 (1) WHILE OCCUPYING THE INSURED VESSEL; OR

18 (2) BY THE INSURED VESSEL WHILE IN, ON, OR ALIGHTING FROM  
19 A VESSEL POWERED BY ANIMAL OR MUSCULAR POWER.

20 (D) (1) THE INSURER UNDER A POLICY THAT CONTAINS THE  
21 COVERAGES DESCRIBED IN §§ 19-1006 AND 19-1010 OF THIS SUBTITLE SHALL  
22 PAY THE BENEFITS DESCRIBED IN §§ 19-1006 AND 19-1010 OF THIS SUBTITLE  
23 TO AN INDIVIDUAL INSURED UNDER THE POLICY WHO IS INJURED IN A VESSEL  
24 ACCIDENT:

25 (I) WHILE OCCUPYING A VESSEL FOR WHICH THE  
26 COVERAGES UNDER §§ 19-1006 AND 19-1010 OF THIS SUBTITLE ARE NOT IN  
27 EFFECT; OR

28 (II) BY A VESSEL FOR WHICH THE COVERAGES UNDER §§  
29 19-1006 AND 19-1010 OF THIS SUBTITLE ARE NOT IN EFFECT WHILE IN, ON, OR  
30 ALIGHTING FROM A VESSEL POWERED BY ANIMAL OR MUSCULAR POWER.

31 (2) BENEFITS PAYABLE UNDER PARAGRAPH (1) OF THIS  
32 SUBSECTION SHALL BE REDUCED TO THE EXTENT OF ANY MEDICAL OR  
33 DISABILITY BENEFITS COVERAGE THAT IS:

1                   **(I) APPLICABLE TO THE VESSEL FOR WHICH THE**  
2 **COVERAGES UNDER §§ 19-1006 AND 19-1010 OF THIS SUBTITLE ARE NOT IN**  
3 **EFFECT; AND**

4                   **(II) COLLECTIBLE FROM THE INSURER OF THAT VESSEL.**

5           **(E) BENEFITS PAYABLE UNDER THE COVERAGES UNDER §§ 19-1006**  
6 **AND 19-1010 OF THIS SUBTITLE SHALL BE REDUCED TO THE EXTENT THAT THE**  
7 **RECIPIENT HAS RECOVERED BENEFITS UNDER THE WORKERS' COMPENSATION**  
8 **LAWS OF A STATE OR THE FEDERAL GOVERNMENT FOR WHICH THE PROVIDER**  
9 **OF THE WORKERS' COMPENSATION BENEFITS HAS NOT BEEN REIMBURSED.**

10 **19-1016.**

11           **AUTHORIZED INSURERS THAT ISSUE, SELL, OR DELIVER VESSEL**  
12 **LIABILITY OR PHYSICAL DAMAGE INSURANCE POLICIES IN THIS STATE SHALL**  
13 **ARBITRATE AND SETTLE ALL VESSEL PHYSICAL DAMAGE CLAIMS BETWEEN THE**  
14 **AUTHORIZED INSURERS IN ACCORDANCE WITH A VESSEL SUBROGATION**  
15 **PROGRAM SPONSORED BY THE INTERCOMPANY ARBITRATION ORGANIZATION**  
16 **CHOSEN BY THE AUTHORIZED INSURER THAT REQUESTS THE ARBITRATION.**

17 **19-1017.**

18           **(A) THIS SECTION APPLIES TO A VESSEL INSURANCE POLICY ISSUED,**  
19 **SOLD, OR DELIVERED IN THIS STATE THAT COVERS A VESSEL THAT IS**  
20 **SPECIALY EQUIPPED FOR THE TRANSPORTATION OF OR OPERATION BY AN**  
21 **INDIVIDUAL WITH A DISABILITY.**

22           **(B) IF A VESSEL INSURANCE POLICY DESCRIBED IN SUBSECTION (A) OF**  
23 **THIS SECTION PROVIDES FOR REIMBURSEMENT OF THE COSTS OF A RENTAL**  
24 **VESSEL, THE INSURER SHALL, ON REQUEST OF THE APPLICANT OR INSURED,**  
25 **MAKE AVAILABLE FOR THE APPROPRIATE PREMIUM AT THE TIME OF THE**  
26 **ISSUANCE OR RENEWAL OF THE POLICY A DAILY REIMBURSEMENT RATE OF UP**  
27 **TO \$100, FOR A MAXIMUM OF \$1,500 PER POLICY PERIOD, TO ALLOW THE**  
28 **INSURED TO RENT A VESSEL THAT IS EQUIPPED SIMILARLY TO THE COVERED**  
29 **VESSEL.**

30 **19-1018.**

31           **THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS**  
32 **SUBTITLE.**

1 **27-609.1.**

2 (A) (1) THIS SUBSECTION APPLIES TO A VESSEL LIABILITY  
3 INSURANCE POLICY ISSUED IN THIS STATE UNDER WHICH MORE THAN ONE  
4 INDIVIDUAL IS INSURED.

5 (2) IF AN INSURER IS AUTHORIZED UNDER THIS ARTICLE TO  
6 CANCEL, NONRENEW, OR INCREASE THE PREMIUMS ON A POLICY OF VESSEL  
7 LIABILITY INSURANCE SUBJECT TO THIS SUBSECTION BECAUSE OF THE CLAIM  
8 EXPERIENCE OR OPERATING RECORD OF ONE OR MORE BUT FEWER THAN ALL  
9 OF THE INDIVIDUALS INSURED UNDER THE POLICY, THE INSURER, INSTEAD OF  
10 CANCELLATION, NONRENEWAL, OR PREMIUM INCREASE, SHALL OFFER TO  
11 CONTINUE OR RENEW THE INSURANCE, BUT TO EXCLUDE ALL COVERAGE WHEN  
12 A VESSEL IS OPERATED BY THE SPECIFICALLY NAMED EXCLUDED INDIVIDUAL  
13 OR INDIVIDUALS WHOSE CLAIM EXPERIENCE OR OPERATING RECORD COULD  
14 HAVE JUSTIFIED THE CANCELLATION, NONRENEWAL, OR PREMIUM INCREASE.

15 (B) IF AN INSURER LEGALLY COULD REFUSE TO ISSUE A POLICY OF  
16 VESSEL LIABILITY INSURANCE UNDER WHICH MORE THAN ONE INDIVIDUAL IS  
17 INSURED BECAUSE OF THE CLAIM EXPERIENCE OR OPERATING RECORD OF ONE  
18 OR MORE BUT FEWER THAN ALL OF THE INDIVIDUALS APPLYING TO BE INSURED  
19 UNDER THE POLICY, THE INSURER MAY ISSUE THE POLICY BUT EXCLUDE ALL  
20 COVERAGE WHEN A VESSEL IS OPERATED BY THE SPECIFICALLY NAMED  
21 EXCLUDED INDIVIDUAL OR INDIVIDUALS WHOSE CLAIM EXPERIENCE OR  
22 OPERATING RECORD COULD HAVE JUSTIFIED THE REFUSAL TO ISSUE.

23 (C) A POLICY DESCRIBED IN SUBSECTION (A) OF THIS SECTION MAY BE  
24 ENDORSED TO EXCLUDE SPECIFICALLY ALL COVERAGE FOR ANY OF THE  
25 FOLLOWING WHEN THE NAMED EXCLUDED OPERATOR IS OPERATING A VESSEL  
26 COVERED UNDER THE POLICY WHETHER OR NOT THAT OPERATION OR USE WAS  
27 WITH THE EXPRESS OR IMPLIED PERMISSION OF AN INDIVIDUAL INSURED  
28 UNDER THE POLICY:

29 (1) THE EXCLUDED OPERATOR OR USER;

30 (2) THE VESSEL OWNER;

31 (3) FAMILY MEMBERS RESIDING IN THE HOUSEHOLD OF THE  
32 EXCLUDED OPERATOR OR USER OR VESSEL OWNER; AND

33 (4) ANY OTHER PERSON, EXCEPT FOR THE COVERAGE REQUIRED  
34 BY §§ 19-1006 AND 19-1010 OF THIS ARTICLE IF THAT COVERAGE IS NOT  
35 AVAILABLE UNDER ANOTHER VESSEL POLICY.

1           **(D) THE PREMIUMS CHARGED ON A POLICY THAT EXCLUDES A NAMED**  
2 **OPERATOR OR OPERATORS UNDER THIS SECTION MAY NOT REFLECT THE CLAIM**  
3 **EXPERIENCE OR OPERATION RECORD OF THE EXCLUDED NAMED OPERATOR OR**  
4 **OPERATORS.**

5                                           **Article – Natural Resources**

6 8–701.

7           (a) In this subtitle the following words have the meanings indicated.

8           (b) “Certificate” means any certificate of number or title issued.

9           (c) (1) “Dealer” means any person who:

10                               (i) Engages in whole or in part in the business of buying,  
11 selling, or exchanging new and unused vessels or used vessels, or both, either outright  
12 or on conditional sale, bailment, lease, chattel mortgage, or otherwise; and

13                               (ii) Has an established place of business for sale, trade, and  
14 display of vessels.

15           (2) “Dealer” includes:

16                               (i) A yacht broker; and

17                               (ii) A holder of a lien created under Title 16, Subtitle 2 of the  
18 Commercial Law Article who sells the vessel pursuant to that title, including an  
19 auctioneer and a company commonly known as a lien and recovery company.

20           (d) “Governing body” means the county commissioners, county executive and  
21 county council of any county, the Mayor and City Council of Baltimore, and the elected  
22 officials of any municipal corporation in the State, subject to Article XI–E of the  
23 Maryland Constitution.

24           (e) **“LAPSE” MEANS A LAPSE OF REQUIRED SECURITY UNDER § 8–745**  
25 **OF THIS SUBTITLE AS SPECIFIED IN REGULATIONS ADOPTED BY THE**  
26 **DEPARTMENT.**

27           **(F) “Lienholder” means a person holding a security interest.**

28           **[(f)] (G) “Manufacturer” means any person engaged in the business of**  
29 **manufacturing or importing new and unused vessels, or new and unused outboard**  
30 **motors, for the purpose of sale or trade.**

1            [(g)] (H)      “Marine repair contractor” means a person or entity engaged full  
2 time in the business of providing maintenance, repair, or similar services to vessels.

3            [(h)] (I)      “Motorboat” means any vessel equipped with propelling machinery,  
4 whether or not the machinery is the principal source of propulsion.

5            [(i)] (J)      “Operate” means to navigate or otherwise use a vessel.

6            [(j)] (K)      “Operator” means the person who operates or has charge of the  
7 navigation or use of a vessel.

8            [(k)] (L)      (1)    “Owner” means a person, other than a lienholder, having  
9 property in or title to a vessel.

10                    (2)    “Owner” includes a person entitled to use or possess a vessel  
11 subject to an interest in another person, reserved, or created by agreement and  
12 securing payment of performance of an obligation.

13                    (3)    “Owner” does not include a lessee under a lease not intended as  
14 security.

15            [(l)] (M)      “Parasailing” means a parachute or other device which causes a  
16 person to become airborne when towed by a vessel.

17            [(m)] (N)      “Personal watercraft” means a Class A vessel that:

18                    (1)    Has an inboard motor which uses an internal combustion engine  
19 powering a water jet pump as its primary source of motive propulsion;

20                    (2)    Is designed for the operator and passenger to ride on the outside  
21 surfaces of the vessel rather than inside the vessel;

22                    (3)    Has the probability that the operator and passenger may, in the  
23 normal course of use, fall overboard; and

24                    (4)    Is designed with no open load-carrying area which would retain  
25 water.

26            (O)    “REQUIRED SECURITY” MEANS SECURITY THAT IS IN THE FORM,  
27 AND PROVIDES FOR THE MINIMUM BENEFITS, REQUIRED UNDER § 8-745 OF  
28 THIS SUBTITLE OR ANY OTHER PROVISION OF THIS TITLE.

29            [(n)] (P)      “Security interest” means an interest which:

30                    (1)    Is reserved or created by an agreement which secures payment or  
31 performance of an obligation; and

1 (2) Is valid against third parties generally.

2 [(o)] (Q) (1) “Ship lifeboat” means a lifeboat used solely for lifesaving  
3 purposes.

4 (2) “Ship lifeboat” does not include dinghies, tenders, speedboats, or  
5 other types of craft carried aboard a vessel and used for other than lifesaving  
6 purposes.

7 [(p)] (R) “State of principal use” means the jurisdiction on whose waters a  
8 vessel is used or to be used most during a calendar year which is the period from  
9 January 1 through December 31.

10 (S) **“TERMINATION” MEANS A TERMINATION OF REQUIRED SECURITY**  
11 **UNDER § 8-745 OF THIS SUBTITLE AS SPECIFIED IN REGULATIONS ADOPTED BY**  
12 **THE DEPARTMENT.**

13 [(q)] (T) “Title tax” means the tax imposed under § 8-716 of this subtitle.

14 [(r)] (U) “Use” means to operate, navigate, or employ a vessel. A vessel is in  
15 use whenever it is upon the water, whether it is moving, anchored, or tied up to any  
16 manner of dock or buoy. A vessel is also in use if it is kept in any structure in  
17 readiness for use.

18 [(s)] (V) (1) “Vessel” means every description of watercraft, including an  
19 ice boat but not including a seaplane, that is used or capable of being used as a means  
20 of transportation on water or ice.

21 (2) “Vessel” includes the motor, spars, sails, and accessories of a  
22 vessel.

23 (W) **“VESSEL LIABILITY INSURANCE” MEANS INSURANCE FOR**  
24 **PERSONAL AND PROPERTY DAMAGE INVOLVING A VESSEL AUTHORIZED UNDER**  
25 **TITLE 19, SUBTITLE 10 OF THE INSURANCE ARTICLE.**

26 [(t)] (X) “Waters of the State” means any water within the jurisdiction of  
27 the State, the marginal sea adjacent to the State, and the high seas when navigated as  
28 part of a ride or journey to or from the shore of the State.

29 8-739.

30 (a) Any person who violates any provision of § 8-712, § 8-712.1, § 8-712.3, §  
31 8-713, or § 8-718 of this subtitle is guilty of a misdemeanor and on conviction is  
32 subject to:

1 (1) For a first offense, a fine not exceeding \$500; and

2 (2) For any subsequent offense that occurs within 2 years [of] AFTER  
3 a prior violation, a fine not exceeding \$1,000 or imprisonment not exceeding 1 year, or  
4 both.

5 (b) Any person who violates § 8-716.1 of this subtitle is guilty of a  
6 misdemeanor and on conviction is subject to a fine not exceeding \$10,000 or  
7 imprisonment not exceeding 5 years, or both.

8 (c) **A PERSON WHO VIOLATES § 8-745 OF THIS SUBTITLE IS GUILTY OF**  
9 **A MISDEMEANOR AND ON CONVICTION IS SUBJECT TO:**

10 (1) **FOR A FIRST VIOLATION, A FINE NOT EXCEEDING \$1,000; AND**

11 (2) **FOR A SUBSEQUENT VIOLATION THAT OCCURS WITHIN 2**  
12 **YEARS AFTER A PRIOR VIOLATION, IMPRISONMENT NOT EXCEEDING 1 YEAR OR**  
13 **A FINE NOT EXCEEDING \$5,000 OR BOTH.**

14 **8-745.**

15 (A) **A VESSEL IS REQUIRED TO HAVE THE MINIMUM SECURITY**  
16 **REQUIRED UNDER THIS SECTION IF THE VESSEL:**

17 (1) **IS PRINCIPALLY OPERATED IN THE WATERS OF THE STATE;**  
18 **AND**

19 (2) (i) **EXCEEDS 16 FEET IN LENGTH AND IS NOT A KAYAK OR**  
20 **CANOE;**

21 (ii) **HAS PROPELLING MACHINERY EXCEEDING 7.5**  
22 **HORSEPOWER, WHETHER OR NOT THE MACHINERY IS THE PRINCIPAL SOURCE**  
23 **OF PROPULSION FOR THE VESSEL; OR**

24 (iii) **IS A PERSONAL WATERCRAFT.**

25 (B) (1) **EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS**  
26 **SUBSECTION, THE FORM OF SECURITY REQUIRED UNDER THIS SECTION IS A**  
27 **POLICY OF VESSEL LIABILITY INSURANCE WRITTEN BY AN INSURER**  
28 **AUTHORIZED TO WRITE THE POLICY IN THE STATE UNDER TITLE 19, SUBTITLE**  
29 **10 OF THE INSURANCE ARTICLE.**

30 (2) **THE DEPARTMENT MAY ACCEPT ANOTHER FORM OF**  
31 **SECURITY, INCLUDING SELF-INSURANCE, THAT IS NOT A POLICY OF VESSEL**



1 LIABILITY INSURANCE IF THE DEPARTMENT DETERMINES THAT THE SECURITY  
2 PROVIDES AT LEAST THE MINIMUM COVERAGE REQUIRED UNDER SUBSECTION  
3 (C) OF THIS SECTION.

4 (3) THE DEPARTMENT SHALL ASSESS EACH SELF-INSURER AN  
5 ANNUAL FEE NOT EXCEEDING \$1,000 TO COVER THE COST OF ACTUARIAL  
6 STUDIES AND AUDITS TO VERIFY THE FINANCIAL SOLVENCY OF SELF-INSURERS.

7 (C) THE SECURITY REQUIRED UNDER THIS SECTION SHALL PROVIDE  
8 FOR AT LEAST:

9 (1) THE PAYMENT OF CLAIMS FOR BODILY INJURY OR DEATH  
10 ARISING FROM AN ACCIDENT OF UP TO \$50,000 FOR ANY ONE PERSON AND UP  
11 TO \$100,000 FOR ANY TWO OR MORE PERSONS, IN ADDITION TO INTEREST AND  
12 COSTS;

13 (2) THE PAYMENT OF CLAIMS FOR PROPERTY OF OTHERS  
14 DAMAGED OR DESTROYED IN AN ACCIDENT OF UP TO \$45,000, IN ADDITION TO  
15 INTEREST AND COSTS;

16 (3) UNLESS WAIVED, THE BENEFITS LISTED IN § 19-1006 OF THE  
17 INSURANCE ARTICLE AS TO BASIC REQUIRED PRIMARY COVERAGE; AND

18 (4) THE BENEFITS REQUIRED UNDER § 19-1010 OF THE  
19 INSURANCE ARTICLE AS TO REQUIRED ADDITIONAL COVERAGE.

20 (D) THE DEPARTMENT MAY ADOPT REGULATIONS TO CARRY OUT THIS  
21 SECTION.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
23 October 1, 2013.