

Chapter 725

(Senate Bill 290)

AN ACT concerning

Maryland Automobile Insurance Fund— Motor Vehicle Liability Insurance Policies – Eligibility and Producer Charge Placement and Reinstatement

FOR the purpose of ~~authorizing and requiring the Maryland Automobile Insurance Fund, under certain circumstances, to sell, issue, and deliver a motor vehicle liability insurance policy that provides a certain security to a person that is eligible for a policy under a certain provision of this Act and has a certain license; providing that a person that commutes to a full-time job in the State and resides in a state that is immediately adjacent to this State is eligible for a certain policy~~ authorizing a certain motor vehicle insurer and the Maryland Automobile Insurance Fund to reinstate a certain private passenger motor vehicle liability insurance policy in a certain manner under certain circumstances; requiring a policyholder to provide to a certain insurer and the Fund a certain certification in a certain form and manner and at a certain time; requiring a certain reinstatement to be implemented in accordance with certain guidelines; providing that a certain reinstatement is subject to certain provisions of law; providing that a premium finance company is not required to reinstate a policy under certain circumstances; increasing the maximum charge that a fund producer may charge and collect as actual expenses incurred in placing automobile insurance with the Fund; providing that a certain provision of law does not prohibit a certain insurer or the Fund from charging and collecting a certain fee for a certain reinstatement of a private passenger motor vehicle liability insurance policy; providing that a certain provision of law does not prohibit a licensed insurance producer or a fund producer from charging and collecting a certain fee for a certain reinstatement of a private passenger motor vehicle liability insurance policy; requiring the Maryland Insurance Commissioner to review certain expenses; authorizing the Commissioner to approve certain reinstatement fees; and generally relating to the Fund and placement and reinstatement of motor vehicle liability insurance policies.

BY adding to

Article – Insurance

Section 19–519, 23–311, and 27–216(b)(4)

Annotated Code of Maryland

(2011 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, with amendments,

Article – Insurance

Section ~~20–502(a) and (b)~~ and 27–216(b)(2)(iv)

Annotated Code of Maryland

(2011 Replacement Volume and 2016 Supplement)

BY repealing and reenacting, without amendments,

Article – Insurance

Section ~~20-502(d)~~ and 27-216(b)(1) and 27-501(a)

Annotated Code of Maryland

(2011 Replacement Volume and 2016 Supplement)

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

Article – Insurance

~~20-502.~~

~~(a) On payment of the premium set by the Fund, the Fund is authorized to and shall sell, issue, and deliver a policy that provides the security required under § 17-103 of the Transportation Article to a person:~~

~~(1) (I) that owns a covered vehicle registered with the Motor Vehicle Administration[;];~~

~~(II) THAT has a license issued by the Motor Vehicle Administration to drive a covered vehicle[; or];~~

~~(III) THAT is a lessee under a “lease not intended as security”, as defined in § 11-127.1(b) of the Transportation Article; OR~~

~~(IV) 1. THAT IS ELIGIBLE FOR A POLICY UNDER SUBSECTION (B)(6) OF THIS SECTION; AND~~

~~2. THAT HAS A LICENSE TO DRIVE A COVERED VEHICLE ISSUED BY THE MOTOR VEHICLE LICENSING AUTHORITY IN THE PERSON’S STATE OF DOMICILE;~~

~~(2) that does not owe to the Fund:~~

~~(i) an unpaid premium with respect to a policy that has expired or been canceled; or~~

~~(ii) a claim payment obtained by fraud;~~

~~(3) that:~~

~~(i) has attempted in good faith to obtain a policy that provides the security required under § 17-103 of the Transportation Article from at least two Association~~

~~members and has been rejected or refused the policy by two Association members for any reason other than nonpayment of premiums; or~~

~~(ii) has had a policy that provides the security required under § 17-103 of the Transportation Article canceled or nonrenewed by an Association member for any reason other than nonpayment of premiums; and~~

~~(4) that meets the requirements of subsection (b) of this section.~~

~~(b) To be eligible for a policy issued under this subtitle, a person must:~~

~~(1) be domiciled in the State;~~

~~(2) own, lease, or rent a primary place of residence in the State and, regardless of the person's domicile, reside in the State for more than 1 year;~~

~~(3) maintain a main or branch office or warehouse facility in the State, and base and operate motor vehicles intrastate in the State;~~

~~(4) have filed as a State resident for income tax purposes; [or]~~

~~(5) have a nonresident permit issued under § 13-402.1(e) of the Transportation Article; OR~~

~~(6) (i) COMMUTE TO A FULL-TIME JOB IN THE STATE; AND~~

~~(ii) RESIDE IN A STATE THAT IS IMMEDIATELY ADJACENT TO THE STATE.~~

~~(d) The eligibility of an applicant for insurance from the Fund shall be certified at a time and in a manner approved by the Fund.~~

19-519.

(A) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AN AUTHORIZED MOTOR VEHICLE INSURER AND THE MARYLAND AUTOMOBILE INSURANCE FUND MAY REINSTATE, WITHOUT A LAPSE IN COVERAGE, A PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE POLICY THAT WAS CANCELED BY THE INSURER OR THE FUND FOR NONPAYMENT OF PREMIUM ON PAYMENT BY THE POLICYHOLDER OF:

(1) ALL EARNED PREMIUMS OWED TO THE INSURER OR THE FUND;
AND

(2) ANY REASONABLE FEE APPROVED BY THE COMMISSIONER UNDER § 27-216(B)(4) OF THIS ARTICLE.

(B) BEFORE AN AUTHORIZED MOTOR VEHICLE INSURER OR THE MARYLAND AUTOMOBILE INSURANCE FUND REINSTATES A POLICY UNDER THIS SECTION, THE POLICYHOLDER SHALL PROVIDE TO THE INSURER OR THE FUND A WRITTEN CERTIFICATION, IN THE FORM AND MANNER SPECIFIED BY THE INSURER OR THE FUND, THAT NO LOSSES WERE INCURRED BY THE POLICYHOLDER FROM THE TIME AND DATE THE POLICY WAS CANCELED THROUGH THE TIME AND DATE THE POLICY IS REINSTATED.

(C) A REINSTATEMENT OF A POLICY BY AN AUTHORIZED MOTOR VEHICLE INSURER OR THE MARYLAND AUTOMOBILE INSURANCE FUND UNDER THIS SECTION:

(1) SHALL BE IMPLEMENTED IN ACCORDANCE WITH WRITTEN UNDERWRITING GUIDELINES ADOPTED BY THE INSURER OR THE FUND; AND

(2) IS SUBJECT TO THE REQUIREMENTS OF § 27-501(A) OF THIS ARTICLE IN THE SAME MANNER AS A CANCELLATION, A REFUSAL TO UNDERWRITE, OR A REFUSAL TO RENEW A RISK OR CLASS OF RISK.

23-311.

A PREMIUM FINANCE COMPANY IS NOT REQUIRED TO REINSTATE A POLICY IF:

(1) THE INSURER REQUIRES A REINSTATEMENT FEE, AS AUTHORIZED UNDER § 27-216(B)(4) OF THIS ARTICLE, TO BE PAID BY THE INSURED; AND

(2) THE INSURED DOES NOT TIMELY PAY THE REINSTATEMENT FEE.

27-216.

(b) (1) A person may not willfully collect a premium or charge for insurance that:

(i) exceeds or is less than the premium or charge applicable to that insurance under the applicable classifications and rates as filed with and approved by the Commissioner; or

(ii) if classifications, premiums, or rates are not required by this article to be filed with and approved by the Commissioner, exceeds or is less than the premium or charge specified in the policy and set by the insurer.

(2) Paragraph (1) of this subsection does not prohibit:

(iv) a fund producer from charging and collecting, as actual expenses incurred in placing automobile insurance with the Maryland Automobile Insurance Fund:

1. a maximum charge of ~~[\$10]~~ **\$25** plus \$1 more than the actual charge by the Motor Vehicle Administration for a driving record required to be presented with the application, unless otherwise provided by the Fund; or

2. the amount provided in subsection (e) of this section.

(4) (i) PARAGRAPH (1) OF THIS SUBSECTION DOES NOT PROHIBIT AN AUTHORIZED MOTOR VEHICLE INSURER OR THE MARYLAND AUTOMOBILE INSURANCE FUND FROM CHARGING AND COLLECTING A REASONABLE FEE APPROVED BY THE COMMISSIONER UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH FOR THE REINSTATEMENT OF A PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE POLICY IN ACCORDANCE WITH § 19-519 OF THIS ARTICLE.

(ii) PARAGRAPH (1) OF THIS SUBSECTION DOES NOT PROHIBIT A LICENSED INSURANCE PRODUCER OR A FUND PRODUCER FROM CHARGING AND COLLECTING A REASONABLE FEE APPROVED BY THE COMMISSIONER UNDER SUBPARAGRAPH (III) OF THIS PARAGRAPH FOR THE REINSTATEMENT OF A PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE POLICY IN ACCORDANCE WITH § 19-519 OF THIS ARTICLE.

(iii) THE COMMISSIONER:

1. SHALL REVIEW THE ADMINISTRATIVE EXPENSES SUBMITTED BY AN AUTHORIZED MOTOR VEHICLE INSURER OR THE MARYLAND AUTOMOBILE INSURANCE FUND THAT ARE ASSOCIATED WITH REINSTATEMENTS UNDER § 19-519 OF THIS ARTICLE; AND

2. MAY APPROVE A REINSTATEMENT FEE NOT TO EXCEED:

A. \$10 TO BE CHARGED AND COLLECTED BY THE INSURER OR THE FUND; AND

B. \$15 TO BE CHARGED AND COLLECTED BY THE INSURANCE PRODUCER OR THE FUND PRODUCER.

27-501.

(a) (1) An insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk for a reason based wholly or partly on race, color, creed, sex, or blindness of an applicant or policyholder or for any arbitrary, capricious, or unfairly discriminatory reason.

(2) Except as provided in this section, an insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk except by the application of standards that are reasonably related to the insurer's economic and business purposes.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2017.

Approved by the Governor, May 25, 2017.