

HOUSE BILL 118

C4

0lr1597
CF SB 125

By: **Delegate Dumais**

Introduced and read first time: January 13, 2020

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Private Passenger Motor Vehicle Insurance – Prohibition on Cancellation Due**
3 **to Towing or Emergency Roadside Coverage Claims**

4 FOR the purpose of prohibiting an insurer from canceling, refusing to renew, or otherwise
5 terminating coverage for a private passenger motor vehicle insurance policy based
6 on claims made under the policy's towing or emergency roadside coverage;
7 authorizing an insurer to remove towing or emergency roadside service coverage
8 from a certain policy at renewal based on certain claims; authorizing an insurer to
9 increase a premium of a private passenger motor vehicle insurance policy as a result
10 of certain claims; and generally relating to private passenger motor vehicle
11 insurance and roadside coverage.

12 BY repealing and reenacting, with amendments,
13 Article – Insurance
14 Section 27–501(d)
15 Annotated Code of Maryland
16 (2017 Replacement Volume and 2019 Supplement)

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

19 **Article – Insurance**

20 27–501.

21 (d) (1) **(I)** With respect to automobile liability insurance, an insurer may
22 not:

23 **[(i)] 1.** cancel, refuse to renew, or otherwise terminate coverage
24 for an automobile insurance risk because of a claim, traffic violation, or traffic accident that

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 occurred more than 3 years before the effective date of the policy or renewal; [or]

2 [(ii)] 2. refuse to underwrite an automobile insurance risk because
3 of a claim, traffic violation, or traffic accident that occurred more than 3 years before the
4 date of application; OR

5 3. SUBJECT TO SUBPARAGRAPH (II) OF THIS
6 PARAGRAPH, CANCEL, REFUSE TO RENEW, OR OTHERWISE TERMINATE COVERAGE
7 FOR A PRIVATE PASSENGER MOTOR VEHICLE INSURANCE POLICY BECAUSE OF A
8 CLAIM UNDER THE TOWING OR EMERGENCY ROADSIDE SERVICE COVERAGE IN THE
9 POLICY.

10 (II) AN INSURER MAY:

11 1. REMOVE THE TOWING OR EMERGENCY ROADSIDE
12 SERVICE COVERAGE AT RENEWAL FROM A PRIVATE PASSENGER MOTOR VEHICLE
13 INSURANCE POLICY BASED ON THE NUMBER OF CLAIMS MADE UNDER THE TOWING
14 OR EMERGENCY ROADSIDE SERVICE COVERAGE IN A MANNER THAT COMPLIES WITH
15 § 27-613 OF THIS TITLE; AND

16 2. INCREASE THE PREMIUM OF THE PRIVATE
17 PASSENGER MOTOR VEHICLE INSURANCE POLICY AS A RESULT OF A TOWING OR
18 EMERGENCY ROADSIDE SERVICE CLAIM IN ACCORDANCE WITH ITS FILED RATES IN
19 A MANNER THAT COMPLIES WITH § 11-317 OF THIS ARTICLE AND § 27-614 OF THIS
20 TITLE.

21 (2) With respect to homeowner's insurance, an insurer may not:

22 (i) cancel, refuse to renew, or otherwise terminate coverage for a
23 homeowner's insurance risk because of a claim that occurred more than 3 years before the
24 effective date of the policy or renewal; or

25 (ii) refuse to underwrite a homeowner's insurance risk because of a
26 claim that occurred more than 3 years before the date of application.

27 (3) An insurer may cancel a policy of homeowner's insurance under which
28 a onetime guaranteed fully refundable deposit is required for a stated amount of coverage,
29 if the cancellation:

30 (i) takes effect on the anniversary date of the inception of the policy;

31 (ii) is not based on a claim that occurred more than 3 years before
32 the anniversary date of the policy on which the proposed cancellation would take effect; and

33 (iii) is otherwise in accordance with this subtitle.

1 (4) This subsection does not apply to a claim involving conviction of the
2 insured or applicant for fraud or arson.

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