

SENATE BILL 50

C4

0lr0036

(PRE-FILED)

By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Requested: September 9, 2019

Introduced and read first time: January 8, 2020

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Maryland Automobile Insurance Fund – Notice of Cancellation**

3 FOR the purpose of requiring the Maryland Automobile Insurance Fund to send a certain
4 notice of intention to certain policyholders a certain time period before the Fund
5 proposes to cancel a certain policy for nonpayment of a premium owed under a
6 certain installment payment plan; and generally relating to the Maryland
7 Automobile Insurance Fund.

8 BY repealing and reenacting, with amendments,
9 Article – Insurance
10 Section 20–516
11 Annotated Code of Maryland
12 (2017 Replacement Volume and 2019 Supplement)

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

15 **Article – Insurance**

16 20–516.

17 (a) Subject to § 20–517 of this subtitle, the Fund:

18 (1) may reject an application of insurance if the applicant owes to the Fund
19 an unpaid premium on an expired or canceled policy;

20 (2) at any time may cancel a policy for nonpayment of premiums; or

21 (3) may reject an application of insurance or at any time may cancel a

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 policy if it is found that the driver's license of the applicant or policyholder is:

2 (i) suspended, unless the suspension is for a first offense under §
3 16–205.1 of the Transportation Article for driving with an alcohol concentration of 0.08 or
4 more; or

5 (ii) revoked.

6 (b) **[The] SUBJECT TO SUBSECTION (C) OF THIS SECTION, THE** Fund shall
7 notify the applicant or policyholder promptly after the Fund rejects an application or
8 cancels a policy.

9 **(C) AT LEAST 10 DAYS BEFORE THE DATE THE FUND PROPOSES TO CANCEL**
10 **A POLICY FOR NONPAYMENT OF A PREMIUM OWED UNDER AN INSTALLMENT**
11 **PAYMENT PLAN AUTHORIZED BY § 20–507(G) OF THIS SUBTITLE, THE FUND SHALL**
12 **SEND TO THE POLICYHOLDER, BY A FIRST-CLASS MAIL TRACKING METHOD, A**
13 **WRITTEN NOTICE OF INTENTION TO CANCEL FOR NONPAYMENT OF PREMIUM.**

14 **[(c)] (D)** If a person does not have a valid license or other privilege to drive a
15 covered vehicle in the State, or is otherwise ineligible to be insured by the Fund, the Fund
16 may issue the appropriate policy with an excluded driver endorsement under § 27–609 of
17 this article.

18 **[(d)] (E)** (1) The Fund may cancel a policy if:

19 (i) the temporary registration issued for the covered vehicle under §
20 13–405 or § 23–107(b) of the Transportation Article has expired; and

21 (ii) the covered vehicle is not otherwise validly registered in the
22 State.

23 (2) The cancellation may not take effect until the day after the temporary
24 registration of the covered vehicle expires.

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