

HOUSE BILL 1275

C4

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By: **Delegate Lisanti**

Introduced and read first time: February 8, 2021

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Automobile Insurance Fund – Liability Insurance – School Bus**
3 **Contractors**

4 FOR the purpose of requiring the Maryland Automobile Insurance Fund to offer certain
5 forms of coverage to certain applicants that provide school bus services to a county
6 board of education; requiring the coverage to include certain minimum coverages and
7 to equal or exceed the coverage provided to certain contractors; exempting coverage
8 under this Act from a certain limitation; and generally relating to the Maryland
9 Automobile Insurance Fund and coverage for school buses.

10 BY repealing and reenacting, without amendments,
11 Article – Insurance
12 Section 20–501 and 20–502
13 Annotated Code of Maryland
14 (2017 Replacement Volume and 2020 Supplement)

15 BY repealing and reenacting, with amendments,
16 Article – Insurance
17 Section 20–503
18 Annotated Code of Maryland
19 (2017 Replacement Volume and 2020 Supplement)

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

22 **Article – Insurance**

23 20–501.

24 (a) In this subtitle, “covered vehicle” means a vehicle for which the Fund is
25 required to provide coverage under this subtitle.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



(b) “Covered vehicle” includes:

(1) any motor vehicle required to be registered under Title 13 of the Transportation Article;

(2) a moped; and

(3) a motor scooter.

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) that owns a covered vehicle registered with the Motor Vehicle Administration, has a license issued by the Motor Vehicle Administration to drive a covered vehicle, or is a lessee under a “lease not intended as security”, as defined in § 11–127.2(b) of the Transportation Article;

(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;

(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; or

(iii) has had a motor vehicle liability insurance policy but has been uninsured for a continuous period of 12 months or more immediately preceding the effective date of the Fund policy, as verified by a commercial third-party database or a State agency; 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 (1) be domiciled in the State;

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

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

6 (4) have filed as a State resident for income tax purposes; or

7 (5) have a nonresident permit issued under § 13-402.1(e) of the
8 Transportation Article.

9 (c) (1) Except as provided in paragraph (2) of this subsection, this section does
10 not apply to a person to the extent that the person:

11 (i) leases a covered vehicle that is a private passenger vehicle to an
12 individual who does not meet the requirements of subsection (b) of this section; or

13 (ii) garages the covered vehicle principally outside of the State.

14 (2) This section applies to a person described in paragraph (1) of this
15 subsection who is:

16 (i) a member, on active duty, of the armed forces of the United
17 States or the United States Public Health Service; or

18 (ii) a student enrolled in an accredited school, college, or university
19 or serving a medical internship.

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

22 (e) (1) If a prospective insured fails to qualify under this section, any policy
23 issued is void and a commission may not be paid by the Fund to a fund producer.

24 (2) (i) Subject to the provisions of subparagraph (ii) of this paragraph,
25 if a person fails to meet the requirements of subsection (b) of this section, the Fund may
26 charge and collect the greater of:

27 1. a policy processing fee to cover its expenses; or

28 2. the amount that the person would have received after the
29 Fund returns to a fund producer, or any other person other than the person who fails to
30 meet the requirements of subsection (b) of this section, any gross unearned premiums that
31 are due under the policy.

(ii) Prior to charging and collecting a policy processing fee or the amount allowed under subparagraph (i) of this paragraph, the Fund shall refer to the Insurance Fraud Division in the Administration for investigation and possible prosecution of the person who fails to meet the requirements of subsection (b) of this section.

20–503.

(a) Each policy issued by the Fund shall contain the minimum coverages required under Title 19, Subtitle 5 of this article and may contain other provisions determined by the Executive Director and approved by the Board of Trustees and the Commissioner.

(b) At the time a policy of private passenger auto liability insurance is issued to an applicant, the Fund shall include in the policy a written notice to the applicant that contains the following disclosures:

(1) the time and the conditions under which the applicant is eligible to seek insurance from an Association member;

(2) that if the applicant seeks insurance from an Association member, the Association member may not refuse to underwrite the private passenger auto liability insurance risk solely because the applicant or named insured previously obtained insurance from the Fund; and

(3) that if the applicant seeks insurance from an Association member and the Association member refuses to underwrite the applicant solely because the applicant or named insured previously obtained insurance from the Fund, the applicant may file a complaint with the Commissioner against that Association member.

(c) (1) Whenever the Fund issues a policy of commercial auto liability insurance under this subtitle, the Fund:

[(1)] (I) may provide coverages in addition to and in excess of the minimum coverages required by Title 19, Subtitle 5 of this article and by Title 17 of the Transportation Article; but

[(2)] (II) is not required to provide coverages in addition to and in excess of the required minimum coverages except to the extent that reinsurance for the additional or excess coverage is available and acceptable to the Fund.

(2) (I) **THE FUND SHALL OFFER PRIMARY OR SUPPLEMENTAL COVERAGE TO AN APPLICANT THAT IS:**

1. **ELIGIBLE FOR COVERAGE UNDER THIS SUBTITLE;**

AND

1 **2. A PRIVATE CONTRACTOR FOR SCHOOL BUS SERVICES**
2 **TO A COUNTY BOARD OF EDUCATION.**

3 **(II) THE COVERAGE SHALL:**

4 **1. INCLUDE AT LEAST THE MINIMUM COVERAGES**
5 **REQUIRED UNDER TITLE 19, SUBTITLE 5 OF THIS ARTICLE AND TITLE 17 AND §**
6 **25-111.1 OF THE TRANSPORTATION ARTICLE, AS APPLICABLE; AND**

7 **2. EQUAL OR EXCEED THE COVERAGE PROVIDED TO**
8 **PUBLIC CONTRACTORS FOR SCHOOL BUS SERVICES IN THE COUNTY.**

9 **(III) COVERAGE PROVIDED TO A PRIVATE SCHOOL BUS**
10 **CONTRACTOR UNDER THIS PARAGRAPH IS NOT SUBJECT TO § 20-502(A)(3) OF THIS**
11 **SUBTITLE.**

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
13 1, 2021.