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AL REDMER, JR.
Commissioner

NANCY GRODIN
Deputy Commissioner

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202
1-800-492-6116 TTY: 1-800-735-2258
www.insurance.maryland.gov

Bulletin 16-29

Date: September 16, 2016

To: All Property & Casualty Producers that Write Insurance Policies for the Maryland Automobile Insurance Fund (MAIF)

Re: Senate Bill 0784/House Bill 0900 (Chapter 425/426, Acts of 2016)/PIP Forms

This Bulletin provides important information for Property & Casualty producers that write insurance policies for the Maryland Automobile Insurance Fund (MAIF) with respect to the passage of Senate Bill 0784/House Bill 0900 (Chapters 425 and 426, Acts of 2016) - Motor Vehicle Insurance - Personal Injury Protection - Rejection of Coverage. This legislation creates new §19-506.1 of the Insurance Article, which allows qualified applicants to elect a full rejection of Personal Injury Protection ("PIP") benefits.

As of October 1, 2016, all producers that write new minimum-limits insurance policies for MAIF shall use the Maryland Automobile Insurance Fund New Application – Minimal Limits (\$30,000/\$60,000/\$15,000) Notice and Acceptance for Full, Waiver or Rejection of Personal Injury Protection (PIP) Coverage Form. This form will be available on the Maryland Insurance Administration's website at <http://insurance.maryland.gov/Consumer/Documents/publicnew/MAIF-PIP-Form.pdf>.

All producers renewing insurance policies for MAIF or writing MAIF policies with higher than minimum limits shall continue to use the current PIP form, which will remain available on our website at: <http://insurance.maryland.gov/Insurer/Documents/bulletins/2011pcforms-pipwaiverfinal.pdf>.

Please direct any questions regarding this Bulletin to: Robert Baron, Director, Property & Casualty Complaints, 410-468-2353 (Robert.Baron@Maryland.gov).

Al Redmer, Jr.
Commissioner

signature on original

By:

Joy Y. Hatchette, Associate Commissioner,
Consumer Education & Advocacy

Maryland Automobile Insurance Fund
New Application – Minimal Limits (\$30,000/\$60,000/\$15,000)
**Notice and Acceptance for Full, Waiver or Rejection of Personal Injury
Protection (PIP) Coverage**

**Notice Concerning the Acceptance for Full,
Waiver or Rejection of Personal Injury Protection
(PIP) Coverage in Maryland** (Private Passenger
Automobile Liability Insurance)

You have the choice of purchasing certain Personal Injury Protection (PIP) Coverages:

1. Obtain Full PIP Coverage – Insurance Article – §19-505
2. Waive PIP Coverage – Insurance Article – §19-506
3. Reject PIP Coverage – Insurance Article – §19-506.1

Before deciding whether to purchase, waive or reject this coverage, **please read the following carefully.**

I. Full PIP – Insurance Article – §19-505

Full PIP coverage provides the following protection, without regard to fault:

1. It covers you and members of your family residing with you who are injured in **any** motor vehicle accident; anyone injured while **in** your vehicle; and pedestrians injured **by** your vehicle.
2. The **minimum** coverage is \$2,500 and may be used to cover:
 - a. All reasonable and necessary medical expenses incurred within 3 years of injury; and
 - b. 85 percent of actually incurred lost wages; or
 - c. If the injured person is not employed at the time of injury, any reasonable and necessary expenses to provide for essential services which that person would have provided for the care and maintenance of his or her family or household.

If you do **not** sign the waiver or rejection, you will automatically receive the full PIP protection described above. Your full PIP premium will be \$_____ (*annually*).

II. Waiver – Insurance Article – §19-506

You may only waive PIP coverage for:

1. The named insured (you);
2. All listed drivers on the policy; and
3. Members of your family who are 16 years of age or older and reside with you in your household.

The waiver prevents the **named** insured (you) from collecting PIP benefits under **any** motor vehicle liability insurance policy issued in the State of Maryland or another form of security authorized to be used in place of a motor vehicle liability insurance policy.

The waiver prevents individuals described in category 2 or 3 above from collecting PIP benefits under your policy. In addition, if these individuals are involved in a motor vehicle accident, the waiver prevents these individuals from collecting PIP benefits under any other policy of motor vehicle liability insurance issued in the state of Maryland or another form of security authorized to be used in place of a motor vehicle liability insurance policy unless the individual:

- Is the first named insured under the other policy;
- Has not waived PIP benefits under the other policy; and
- Is not a named insured under any policy of motor vehicle liability insurance where a waiver of PIP benefits is in effect.

The waiver does not impair the rights of other individuals such as pedestrians or minor children from collecting PIP under your policy.

If you decide to sign the waiver, your PIP premium will be _____ percent of the full PIP coverage. The total premium will be \$ _____ (*annually*).

If you decide **not** to sign the waiver, Maryland Automobile Insurance Fund may not refuse to write your insurance coverage.

III. Rejection – Insurance Article – §19-506.1

The first named insured/applicant is not required to obtain coverage for the benefits described in §§19-505 (Full) and 19-506 (Waived) under a motor vehicle liability insurance policy that:

1. Provides coverage that does not exceed the minimum liability coverage of Bodily Injury arising from an accident of up to \$30,000/\$60,000 and Property Damage of up to \$15,000; and

2. Is issued, sold, or delivered by the Maryland Automobile Insurance Fund.

The Maryland Automobile Insurance Fund is required to offer a First Named Insured, at the time of application, the option to reject all PIP coverage for the benefits described in §§19-505 and 19-506 if, prior to the application, the applicant has not been insured continuously by the Maryland Automobile Insurance Fund for at least 1 year.

If you reject PIP, this rejection is effective for everyone seeking PIP coverage under this policy, including the following:

1. The named insured;
2. All listed drivers;
3. Members of your family who reside with you in your household;
4. Passengers other than listed drivers or family members;
5. Pedestrians;
6. Permissive drivers.

The rejection of PIP prevents the named insured (you), all listed drivers, and members of your family who reside with you in your household from collecting PIP benefits under any motor vehicle liability insurance policy issued in the State of Maryland or another form of security authorized to be used in place of a motor vehicle liability insurance policy.

The rejection precludes the collection of PIP benefits under your policy by other individuals such as passengers, pedestrians or permissive drivers, but does not impair such other individuals from collecting PIP from another motor vehicle liability policy.

If you decide to sign the rejection, your PIP premium will be zero. (*annually*)

If you decide not to sign the rejection, your insurance company may not refuse to write your insurance coverage.

At the time of application for policy, the first named insured shall elect in writing to:

1. Obtain Full PIP Coverage – Insurance Article – §19-505

2. Waive PIP Coverage – Insurance Article – §19-506

3. Reject PIP Coverage – Insurance Article – §19-506.1

A rejection of PIP coverage for all of the benefits described in §§19-505 and 19-506 is effective until the end of the policy's term unless the First Named Insured:

1. Withdraws the rejection of coverage in writing;

2. Obtains a motor vehicle liability Insurance policy for the motor vehicle from another Insurer; or

3. Increases any coverage under the policy to an amount that exceeds the minimum liability coverage (bodily Injury arising from an accident of up to \$30,000/\$60,000 and property damage of up to \$15,000).

On renewal of the policy, unless the First Named Insured notifies that insurer in writing that the First Named Insured wishes to obtain coverage for the benefits described in §19-505 (full PIP coverage), the Insurer shall provide the coverage described in §19-506 (waived PIP coverage).

**Acceptance for Full, Waiver or Rejection of
Personal Injury Protection (PIP) Coverage**

I, the first named insured/applicant hereby acknowledge that I have fully read, understood and agree to the terms of this document: (check one of the following)

request full PIP coverage required by Section 19-505 of the Insurance Article (PIP) be applicable to the policy or binder of insurance described below, on all future renewals of the policy and on all replacement policies unless I notify the company in writing to the contrary, with the effective date of such change being no earlier than the receipt date by the company of my written notification.

affirmatively waive the benefits required by Section 19-506 of the Insurance Article (PIP).
I understand and agree that this waiver of coverage shall be applicable to the policy or binder of insurance described below, on all future renewals of the policy and on all replacement policies unless I notify the company in writing to the contrary, with the effective date of such change being no earlier than the receipt date by the company of my written notification.

reject PIP coverage as required by Section 19-506.1 of the Insurance Article. I understand and agree that this refusal to accept (reject) PIP coverage shall be applicable to the policy or binder of insurance described below unless I notify the company in writing to the contrary, with the effective date of such change being no earlier than the receipt date by the company of my written notification.

First Named Insured/Applicant

Signature of First Named Insured/Applicant

Date Policy/Binder #

MARYLAND AUTOMOBILE INSURANCE FUND
Insurer

Producer Name Producer Code