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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 16-27

Date: August 24, 2016

To: All Property & Casualty Insurers

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

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This Bulletin provides important information for Property & Casualty insurers with respect to the passage of Senate Bill 0784/House Bill 0900 - Motor Vehicle Insurance - Personal Injury Protection - Rejection of Coverage. This legislation creates new §19-506.1 of the Insurance Article, which allows qualified applicants or policyholders to elect a full rejection of Personal Injury Protection ("PIP") benefits.

1. If an insurer, other than MAIF, elects **not to offer** the option of a full rejection of PIP benefits to its qualified applicants and policyholders, the insurer may continue to utilize the current PIP waiver form. This form will remain available on the Insurance Administration's website at: <http://insurance.maryland.gov/Insurer/Documents/bulletins/2011pcforms-pipwaiverfinal.pdf>
2. If an insurer, other than MAIF, elects **to offer** the option of a full rejection of PIP benefits to its qualified applicants and policyholders, the insurer shall use the Required Notice of Personal Injury Protection (PIP) Coverage and Option Selection Form. This form will be available on the Insurance Administration's website at: <http://insurance.maryland.gov/Insurer/Documents/rates-and-forms/Required-Notice-of-Personal-Injury-Protection-Coverage.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

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## Required Notice of Personal Injury Protection (PIP) Coverage and Options Selection Form

### Notice Concerning the Personal Injury Protection (PIP) Coverage Options Available in Maryland

You have the choice of purchasing certain Personal Injury Protection (PIP) Coverages. Before deciding whether to purchase, waive or in some instances reject PIP, please read the following carefully.

#### OPTION 1 – Full PIP

**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 (*you may purchase more\**) and may be used to cover:
  - a. All reasonable and necessary medical expenses incurred within 3 years of injury; and
  - b. 85 percent of actual 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 are not eligible to reject PIP and do **not** sign the Limited PIP waiver, you will automatically receive the full PIP protection described above. Your PIP premium will be \$\_\_\_\_\_ (*annually/policy period\**).

#### OPTION 2 – Limited PIP

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 selection of limited PIP 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 selection of limited PIP 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, this option 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 select this option and sign the Limited PIP waiver, your PIP premium will be \$ \_\_\_\_\_. The total premium will be \$ \_\_\_\_\_ (*annually/policy period\**).

If you decide **not** to select this option, your insurance company may not refuse to write your insurance coverage.

*(\*Editorial note: These items are variable information that must be provided by the insurer to fit the situation.)*

### **OPTION 3 – Rejection of PIP**

Maryland law permits the rejection of all PIP coverage if:

1. The policy you are applying for provides coverage that does not exceed the minimum liability coverage specified in § 17-103 (B) of the Transportation Article; **and**
2. Prior to the application, you were insured by an insurer other than the Maryland Automobile Insurance Fund; **and**
3. The insurer under the prior policy canceled the policy before the end of the policy's term.

**If you are eligible and select this option, your policy premium will not include any charge related to PIP coverage as there will be no PIP benefits available under the policy.**

I hereby confirm that I have fully read and understood the attached notice, required by Sections 19-506 and 19-506.1 of the Insurance Article. I have indicated my affirmative selection of Option \_\_\_\_\_ by marking the box next to that option below and signing my name on the signature line for First-named Insured / Applicant below.

**I, the first named insured/applicant, have fully read and understood the above noted information and hereby: (check one of the following)**

**OPTION 1 – FULL PIP**

I select full PIP coverage 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.

**OPTION 2 – LIMITED PIP**

I select limited PIP and affirmatively waive the benefits required by Section 19-505 of the Insurance Article (PIP) for

1. Anyone listed as a named insured on the policy;
2. All drivers listed on the policy; and
3. All members of the names insured's family living in the insured's household who are 16 years of age or older.

**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.**

**OPTION 3–REJECTION of PIP**

I am qualified and affirmatively reject the benefits required by Section 19-505 of the Insurance Article. I understand and agree that this rejection of coverage shall be applicable to the policy or binder of insurance described below unless I:

1. Withdraw the rejection in writing;
2. Obtain a motor vehicle liability insurance policy for the insured motor vehicle from another insurer; or,
3. Increase a coverage under the policy to an amount that exceeds the minimum liability coverage specified in § 17-103(B) of the Transportation Article.

On renewal of the policy, I understand and agree that I will have coverage described in Section 19-506 (Option Two - Limited PIP) unless I notify the company in writing that I want the coverage provided in Section 19-505 (Option One - Full PIP).

First Name Insured/Applicant

\_\_\_\_\_  
Signature of First Named Insured/Applicant

\_\_\_\_\_  
Date

\_\_\_\_\_  
Policy/Binder #

\_\_\_\_\_  
Insurer

\_\_\_\_\_  
Producer Name

\_\_\_\_\_  
Producer Code

(\*\*Editorial Note: These items are variable information that must be provided by the insurer. The waiver must be in 10 point boldface type per §19-506(d)(3)) and §19-506.1(c)(3).