
By: **Delegate Kach**
Introduced and read first time: February 11, 2000
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 25, 2000

CHAPTER _____

1 AN ACT concerning

2 **Insurance Rating Law - Exempt Commercial Policyholders**

3 FOR the purpose of exempting from certain form filing requirements under prior
4 approval insurance rating law insurers that issue policies to certain commercial
5 policyholders; requiring a certain commercial policyholder to certify to the
6 insurer issuing coverage and the Insurance Commissioner that it meets certain
7 criteria for exemption; specifying the contents of the certification; authorizing
8 the Insurance Commissioner to require by regulation certain information about
9 policies written for certain commercial policyholders; providing that a certain
10 insurer must file certain forms and endorsements on written request of the
11 Insurance Commissioner; clarifying that certain forms and endorsements are
12 subject to certain provisions of law; authorizing the Insurance Commissioner to
13 allow, by regulation, a certain exempt commercial policyholder to procure
14 coverage from a certain unauthorized insurer; defining a certain term; and
15 generally relating to exempting insurers issuing coverage to commercial
16 policyholders from certain requirements under prior approval insurance rating
17 law.

18 BY repealing and reenacting, with amendments,
19 Article - Insurance
20 Section 11-206
21 Annotated Code of Maryland
22 (1997 Volume and 1999 Supplement)

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

1

Article - Insurance

2 11-206.

3 (a) (1) Except as otherwise provided in this section, each insurer shall file
4 with the Commissioner all rates, supplementary rate information, policy forms, and
5 endorsements and all modifications of rates, supplementary rate information, policy
6 forms, and endorsements that the insurer proposes to use.

7 (2) Each filing shall state its proposed effective date and shall indicate
8 the character and extent of the coverage contemplated.

9 (b) (1) (i) If a filing is not accompanied by the information on which the
10 insurer supports the filing and the Commissioner does not have sufficient
11 information to determine whether the filing meets the requirements of this subtitle,
12 the Commissioner shall require the insurer to provide supporting information for the
13 filing within 60 days.

14 (ii) If the Commissioner requires the filer to provide supporting
15 information, the waiting period under subsection (g) of this section begins on the date
16 the supporting information is provided.

17 (2) The information provided in support of a filing may include:

18 (i) the judgment of the filer;

19 (ii) the filer's interpretation of any statistical data relied on;

20 (iii) the experience of other filers; and

21 (iv) any other relevant factors.

22 (c) Each filing shall include the experience of the filer.

23 (d) A filing and any supporting information shall be open to public inspection
24 as soon as filed.

25 (e) An insurer may satisfy its obligation to make filings by:

26 (1) being a member of or subscriber to a licensed rating organization that
27 makes filings; and

28 (2) authorizing the Commissioner to accept filings on its behalf from the
29 rating organization.

30 (f) The Commissioner shall review each filing as soon as reasonably possible
31 after it is made to determine whether it meets the requirements of this subtitle.

32 (g) (1) (i) Except as provided in subsections (h) and (i) of this section, a
33 filing may not take effect until 30 working days after it is filed with the
34 Commissioner.

1 (ii) By written notice to the filer during the initial 30-day waiting
2 period that the Commissioner needs additional time for consideration of the filing, the
3 Commissioner may extend the waiting period for an additional period not exceeding
4 30 working days.

5 (2) On written application by the filer, the Commissioner may authorize
6 a filing that the Commissioner has reviewed to become effective before the expiration
7 of the waiting period or any extension of the waiting period or at a later date.

8 (3) A filing is deemed approved unless disapproved by the Commissioner
9 during the waiting period or any extension of the waiting period.

10 (4) A filing may be withdrawn or amended by the filer at any time before
11 approval.

12 (5) After approval or disapproval of a filing, the withdrawal or
13 amendment of the filing is subject to the approval of the Commissioner in accordance
14 with this section.

15 (h) (1) Inland marine risks that by general custom of the business are not
16 written according to manual rates or rating plans need not be filed.

17 (2) Notwithstanding paragraph (1) of this subsection, specific inland
18 marine rates on risks specially rated by a rating organization shall be filed, become
19 effective when filed, and remain effective until the Commissioner finds the filing does
20 not meet the requirements of this subtitle.

21 (i) A special filing with respect to a surety or guarantee bond required by law,
22 by court, by executive order, or by order, rule, or regulation of a public body, not
23 covered by a previous filing shall become effective when filed and remain effective
24 until the Commissioner finds that the filing does not meet the requirements of this
25 subtitle.

26 (J) (1) IN THIS SUBSECTION, "EXEMPT COMMERCIAL POLICYHOLDER"
27 MEANS A PERSON THAT:

28 (I) PAYS ANNUAL AGGREGATE ~~COUNTRYWIDE~~ PROPERTY AND
29 CASUALTY PREMIUMS FOR COMMERCIAL INSURANCE POLICIES ISSUED IN THE
30 STATE DURING THE CURRENT OR PRECEDING CALENDAR YEAR OF \$50,000 \$75,000 OR
31 MORE; AND

32 (II) MEETS ANY TWO OF THE FOLLOWING CRITERIA:

- 33 1. GENERATES ANNUAL REVENUES OR SALES IN EXCESS OF
34 \$10,000,000;
- 35 2. POSSESSES A NET WORTH IN EXCESS OF \$5,000,000;
- 36 3. EMPLOYS AT LEAST 25 FULL-TIME EMPLOYEES;

1 (7) EXCEPT FOR THE EXEMPTION FROM FORM FILING REQUIREMENTS
2 PROVIDED IN THIS SECTION, A FORM OR ENDORSEMENT ISSUED TO AN EXEMPT
3 COMMERCIAL POLICYHOLDER IS SUBJECT TO ALL APPLICABLE PROVISIONS OF THIS
4 ARTICLE.

5 SECTION 2. AND BE IT FURTHER ENACTED, That the Insurance
6 Commissioner, by regulation, may authorize an exempt commercial policyholder to
7 procure coverage under this Act from an unauthorized insurer in accordance with §
8 3-306.1 of the Insurance Article.

9 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
10 effect October 1, 2000.