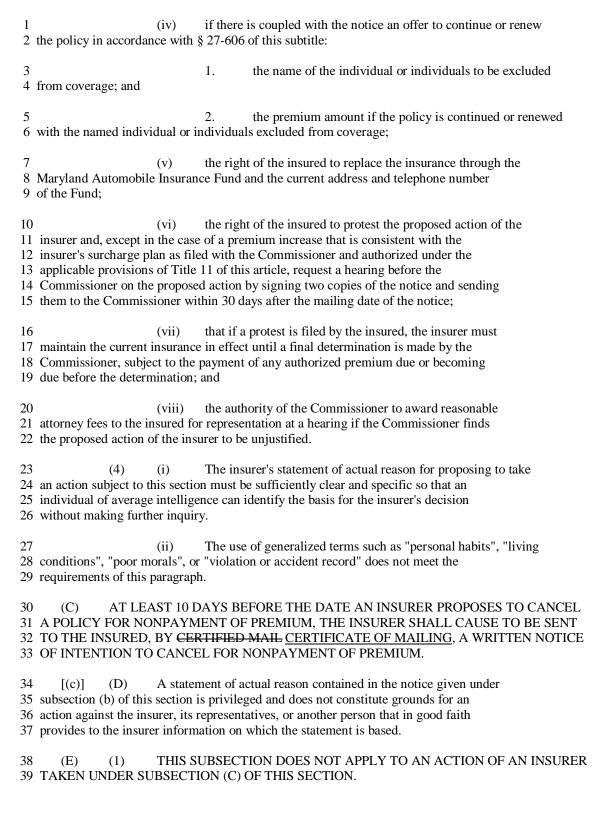
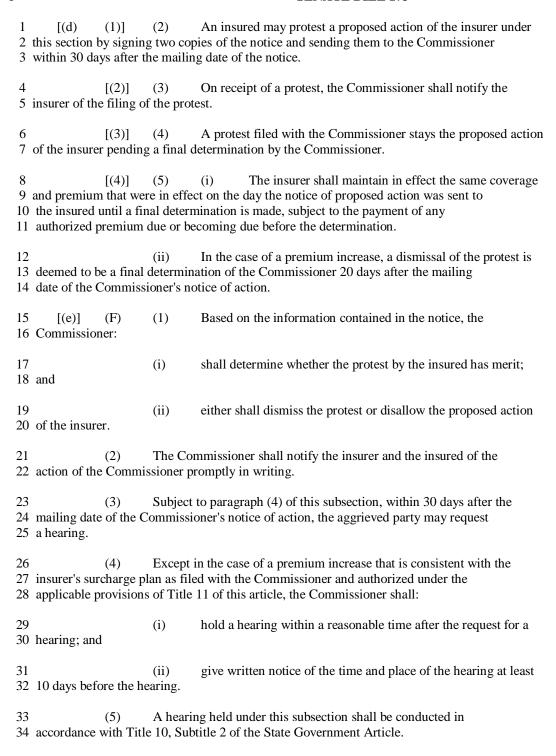
Unofficial Copy C4 2000 Regular Session Olr0097 CF 0lr0175

By: Chairman, Finance Committee (Departmental - Insurance Administration, Maryland) Introduced and read first time: January 24, 2000 Assigned to: Finance  Committee Report: Favorable with amendments Senate action: Adopted Read second time: March 8, 2000						
1 AN ACT	T concerning					
2	<b>Insurance - Cancellation of Policies - Required Notice</b>					
<ul> <li>FOR the purpose of requiring certain insurers to provide a certain notice to an</li> <li>insured before the cancellation of an insurance policy; and generally relating to</li> <li>insurance policies and notice provisions.</li> <li>BY repealing and reenacting, with amendments,</li> <li>Article - Insurance</li> <li>Section 27-601 and 27-605</li> </ul>						
	notated Code of Maryland  7 Volume and 1999 Supplement)					
	CTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF LAND, That the Laws of Maryland read as follows:					
13	Article - Insurance					
14 27-601.						
15 (a)	This section does not apply to policies of:					
16	(1) life insurance;					
17	(2) health insurance;					
18 19 in the St	(3) motor vehicle liability insurance issued to a resident of a household tate as set forth in § 27-605 of this subtitle; or					

1	(4) surety insurance.							
4 5 6 7	(b) (1) Whenever an insurer, as required by subsection (c) of this section, gives notice of its intention to cancel or not to renew a policy subject to this section issued in the State or before an insurer cancels a policy subject to this section issued in the State for a reason other than nonpayment of premium, the insurer shall notify the insured of the possible right of the insured to replace the insurance under the Maryland Property Insurance Availability Act or through another plan for which the insured may be eligible.							
9	(2) The notice required by paragraph (1) of this subsection must:							
10	(i) be in writing;							
11 12	(ii) contain the current address and telephone number of the offices of the appropriate plan; and							
	(iii) be sent to the insured in the same manner and at the same time as the first written notice of cancellation or of intention not to renew given or required by law, regulation, or contract.							
18 19	(c) (1) At least 45 days before the date of the proposed cancellation or expiration of the policy, the insurer shall cause to be sent to the insured, <u>BY</u> CERTIFICATE OF MAILING, a written notice of intention to cancel for a reason other than nonpayment of premium or notice of intention not to renew a policy issued in the State.							
21 22	(2) Notice given to the insured by a broker or an agent on behalf of the nsurer is deemed to have been given by the insurer for purposes of this subsection.							
23 24	(3) Notwithstanding paragraph (2) of this subsection, no notice is required under this section if the agent or broker has replaced the insurance.							
27	(D) AT LEAST 10 DAYS BEFORE THE DATE AN INSURER PROPOSES TO CANCEL A POLICY FOR NONPAYMENT OF PREMIUM, THE INSURER SHALL CAUSE TO BE SENT TO THE INSURED, BY CERTIFICATE OF MAILING, A WRITTEN NOTICE OF INTENTION TO CANCEL FOR NONPAYMENT OF PREMIUM.							
29	27-605.							
32 33	(a) (1) Except in accordance with this article, with respect to a policy of motor vehicle liability insurance or a binder of motor vehicle liability insurance, if the binder has been in effect for at least 45 days, issued in the State to any resident of the household of the named insured, an insurer other than the Maryland Automobile Insurance Fund may not:							
35 36	(i) cancel or fail to renew the policy or binder for a reason other han nonpayment of premium;							
37	(ii) increase a premium for any coverage on the policy; or							

1		(iii)	reduce coverage under the policy.
2	(2) of this section do not		standing paragraph (1) of this subsection, the requirements
			the premium increase described in paragraph (1)(ii) of this ncrease in premiums approved by the Commissioner assification of the insured;
			the reduction in coverage described in paragraph (1)(iii) of this reduction in coverage approved by the Commissioner or tle 19, Subtitle 5 of this article; or
10 11	withdrawal that:	(iii)	the failure to renew the policy takes place under a plan of
12 13	subtitle; and		1. is approved by the Commissioner under § 27-603 of this
16 17	nonrenewal of the po	licy a wr	2. provides that each insured affected by the plan of rtificate of mailing at least 45 days before the atten notice that states the date that the policy will be renewal is the result of the withdrawal of the insurer
	insurer that intends to	take an	45 days before the proposed effective date of the action, an action subject to this section must send written notice sured at the last known address of the insured:
22		(i)	for notice of cancellation or nonrenewal, by certified mail; and
23 24	certificate of mailing	(ii)	for all other notices of actions subject to this section, by
25 26	(2) Commissioner.	The noti	ce must be in triplicate and on a form approved by the
27	(3)	The noti	ce must state in clear and specific terms:
28		(i)	the proposed action to be taken, including:
29 30	the type of coverage	to which	1. for a premium increase, the amount of the increase and it is applicable; and
31 32	and the extent of the	reduction	2. for a reduction in coverage, the type of coverage reduced;
33		(ii)	the proposed effective date of the action;
34 35	the insurer for propos	(iii) sing to tal	subject to paragraph (4) of this subsection, the actual reason of see the action;





1	(6)		learing the insurer has the burden of proving its proposed					
	2 action to be justified and, in doing so, may rely only on the reasons set forth in its 3 notice to the insured.							
4 5	[(f)] (G) conclusion of the hea	(1) ring.	The Commissioner shall issue an order within 30 days after the					
6 7	(2) justified, the Commis		ommissioner finds the proposed action of the insurer to be all:					
8		(i)	dismiss the protest; and					
9		(ii)	allow the proposed action to be taken on the later of:					
10			1. its proposed effective date; and					
11			2. 30 days after the date of the determination.					
12 13	(3) Commissioner:	If the C	ommissioner finds the proposed action to be unjustified, the					
14		(i)	shall disallow the action; and					
	by the insured for repappropriate.	(ii) presentati	may order the insurer to pay reasonable attorney fees incurred ton at the hearing as the Commissioner considers					
18 19	[(g)] (H) Commissioner under		mmissioner may delegate the powers and duties of the ion to one or more employees or hearing examiners.					
20 21	[(h)] (I) the Commissioner in		to a proceeding under this section may appeal the decision of ace with § 2-215 of this article.					
22 23	22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 23 July 1, 2000.							