

Department of Legislative Services  
Maryland General Assembly  
2009 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 162

(Chair, Economic Matters Committee)(By Request -  
Departmental - Insurance Administration, Maryland)

Economic Matters

Finance

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**Insurance - Notice of Premium Increase for Commercial and Workers'  
Compensation Insurance**

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This departmental bill requires insurers writing commercial and workers' compensation insurance to provide notice of renewal policy premium to the named insured and insurance producer, if any, at least 45 days prior to the renewal date, regardless of the amount of the policy premium increase. An insurer can meet the bill's notice requirements by including the new premium in a renewal policy, continuation notice, or renewal offer that is sent to the named insured and the insurance producer, if any. The bill exempts a commercial policyholder that pays aggregate property and casualty premiums of at least \$25,000 per year and meets certain revenue, net worth, employment, or other relevant criteria.

The bill takes effect January 1, 2010.

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**Fiscal Summary**

**State Effect:** The Maryland Insurance Administration (MIA) can handle the bill's requirements with existing budgeted resources.

**Local Effect:** The bill does not directly affect local finances or operations.

**Small Business Effect:** MIA has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

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## Analysis

**Current Law:** Insurers issuing personal insurance policies and property insurance policies under the Maryland Property Insurance Availability Act have to provide the insured and the insurance producer with notice of renewal policy premium at least 45 days prior to the renewal date. Notice must include the amount of the renewal policy premium and the amount of the expiring policy premium.

However, insurers writing commercial and workers' compensation insurance only have to notify the named insured and insurance producer if a renewal policy premium increases by 20% or more. Notice must be given at least 45 days before the policy's renewal date and include the (1) expiring policy premium; (2) renewal policy premium; (3) telephone number for the insurer or insurance producer; and (4) a statement that the insured may call to request additional information.

**Background:** An insurer is not required to give notice by a certain time to a commercial insured whose premium will increase up to 20% upon renewal. For large and small commercial insureds alike, any increase in insurance premiums may significantly impact the finances of the insured. Requiring insurers to provide advance notice of a renewal premium increase of any amount allows commercial insureds to plan ahead, adjust for the increase, or shop for a more competitive policy.

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## Additional Information

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Maryland Insurance Administration, Department of Legislative Services

**Fiscal Note History:** First Reader - February 2, 2009  
mcp/ljm Revised - House Third Reader - March 25, 2009

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Insurance – Notice of Premium Increase for Commercial and Workers’ Compensation Insurance

BILL NUMBER: HB 162

PREPARED BY: Maryland Insurance Administration

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

The proposed legislation will have no impact on small business in Maryland.