

Department of Legislative Services  
Maryland General Assembly  
2015 Session

FISCAL AND POLICY NOTE  
Revised

Senate Bill 368  
Finance

(Senator Kelley)

Economic Matters

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**Workers' Compensation Insurance - Cancellation and Nonrenewal - Notice**

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This bill increases the number of days within which an insurer is required to provide a specified notice to an employer from at least 30 days to at least 45 days before the insurer may cancel or refuse to renew the employer's workers' compensation insurance policy for a reason other than nonpayment of a premium.

The bill takes effect January 1, 2016.

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**Fiscal Summary**

**State Effect:** None.

**Chesapeake Employers' Insurance Company (Chesapeake) Effect:** Chesapeake can handle the bill's requirements with existing resources. Revenues are not affected.

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

**Small Business Effect:** Minimal.

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**Analysis**

**Current Law:** A cancellation or nonrenewal of a workers' compensation insurance policy for reasons other than nonpayment of a premium must be made with at least 30-day notice and by either personal service or certified mail. The notice must contain (1) the date the cancellation or nonrenewal takes effect and (2) the actual reason the insurer is proposing to cancel or refuse to renew the policy. The notice must also be filed with the Workers' Compensation Commission.

The Insurance Commissioner may not disallow the proposed cancellation or nonrenewal because of (1) grammatical, typographical, or other errors, if the errors are not material to the proposed action and not misleading; (2) surplus information, if the surplus information is not misleading; or (3) erroneous information, if in the absence of the erroneous information there is a sufficient basis to support the cancellation or nonrenewal.

A similar notice must be provided at least 10 days prior to cancellation or nonrenewal of a workers' compensation insurance policy if the reason behind the cancellation or nonrenewal is nonpayment of a premium.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 358 (Delegate Jameson) - Economic Matters.

**Information Source(s):** Chesapeake Employers' Insurance Company, Maryland Insurance Administration, Workers' Compensation Commission, Department of Legislative Services

**Fiscal Note History:** First Reader - February 11, 2015  
mar/ljm Revised - Senate Third Reader - March 19, 2015

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