

HOUSE BILL 1408

C4

6lr2602
CF SB 851

By: **Delegate McComas**

Introduced and read first time: February 12, 2016

Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: March 13, 2016

CHAPTER _____

1 AN ACT concerning

2 **Property and Casualty Insurance – Commercial Policies and Workers’**
3 **Compensation Insurance Policies – Notices of Premium Increases**

4 FOR the purpose of altering the scope of certain provisions of law that require an insurer
5 to send to certain persons a certain notice of a premium increase for policies of
6 commercial insurance and policies of workers’ compensation insurance; providing
7 that the provisions of law do not apply to policies for which the renewal policy
8 premium is an increase of a certain percentage or less over the expiring policy
9 premium; clarifying that an insurer that sends certain documents and notices and a
10 certain offer to certain persons at a certain time may not be required to comply with
11 a certain notice requirement; providing for the application of this Act; and generally
12 relating to notices of premium increases for property and casualty insurance.

13 BY repealing and reenacting, with amendments,
14 Article – Insurance
15 Section 27–608
16 Annotated Code of Maryland
17 (2011 Replacement Volume and 2015 Supplement)

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

20 **Article – Insurance**

21 27–608.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) (1) This section applies to:

2 (i) policies of commercial insurance; and

3 (ii) policies of workers' compensation insurance.

4 (2) This section does not apply to policies:

5 (i) issued to exempt commercial policyholders, as defined in §
6 11-206(j) of this article; or

7 (ii) for which the renewal policy premium is[:

8 1. in excess of \$1,000; and

9 2.] an increase over the expiring policy premium of [the lesser
10 of 3% or \$300] **15% OR LESS.**

11 (b) Unless an insurer has given notice of its intention not to renew a policy subject
12 to this section, if the insurer seeks to increase the renewal policy premium, the insurer
13 shall send a notice to the named insured and insurance producer, if any, not less than 45
14 days prior to the renewal date of the policy.

15 (c) Subject to subsection (d) of this section, a notice under this section shall
16 include:

17 (1) both the expiring policy premium and the renewal policy premium; and

18 (2) the telephone number for the insurer or insurance producer, if any,
19 together with a statement that the insured may call to request additional information about
20 the premium increase.

21 (d) (1) If an insurer seeks to increase the renewal policy premium and the
22 insurer's rating methodology requires the insured to provide information to calculate the
23 renewal policy premium, an insurer shall provide a reasonable estimate of the renewal
24 policy premium if:

25 (i) the insurer has requested the required information from the
26 insured; and

27 (ii) the insurer has not received the requested information.

28 (2) A reasonable estimate under this subsection shall be based upon the
29 information available to the insurer at the time the notice is sent.

1 (e) The requirements of this section do not apply to the extent that the premium
2 increase results from:

- 3 (1) an increase in the units of exposure;
- 4 (2) the application of an experience rating plan;
- 5 (3) the application of a retrospective rating plan;
- 6 (4) a change made by the insured that increases the insurer's exposure; or
- 7 (5) an audit of the insured.

8 (f) A notice required by this section shall be sent by first-class mail and may be
9 sent together with the renewal policy.

10 (g) An insurer [shall be considered to have met the] **MAY NOT BE REQUIRED TO**
11 **COMPLY WITH ANY** notice requirement of this section if, not less than 45 days before the
12 effective date of the renewal policy, the insurer has sent:

13 (1) (i) to the named insured, a renewal policy that includes the renewal
14 policy premium; and

15 (ii) to the independent insurance producer, if any:

16 1. a copy of the renewal policy that includes the renewal
17 policy premium through postal or electronic mail; or

18 2. at the same time as the insurer sends the renewal policy
19 to the insured, a notice of the availability of the renewal policy through the insurer's online
20 electronic system;

21 (2) to the named insured and insurance producer, if any, a written notice
22 of renewal or continuation of coverage that includes the renewal or continuation premium;
23 or

24 (3) to the named insured and insurance producer, if any, a renewal offer
25 that includes a reasonable estimate of the renewal policy premium.

26 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
27 policies of commercial insurance and all policies of workers' compensation insurance issued,
28 delivered, or renewed in the State on or after October 1, 2016.

29 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
30 October 1, 2016.