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(PRE-FILED)

7lr0065

By: Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)

Requested: September 23, 2016 Introduced and read first time: January 11, 2017 Assigned to: Finance

Committee Report: Favorable with amendments Senate action: Adopted Read second time: January 13, 2017

CHAPTER _____

1 AN ACT concerning

2 Title Insurance – Rate Making – Use of Rating Organizations for Filings

3 FOR the purpose of providing that certain provisions of law governing rating organizations 4 apply to rate making for title insurance; authorizing a title insurer to satisfy its obligations to make filings by being a member of or a subscriber to a certain title $\mathbf{5}$ rating organization and authorizing the Maryland Insurance Commissioner to 6 7 accept filings on its behalf from the title rating organization; exempting filings by a 8 rating organization on behalf of certain title insurers from provisions of law relating 9 to the deemed approval of certain filings by the Commissioner; providing for the 10 effective date of certain provisions of this Act; providing for the termination of certain 11 provisions of this Act; and generally relating to rate making for title insurance.

- 12 BY repealing and reenacting, with amendments,
- 13 Article Insurance
- 14 Section 11–202, 11–403, and 11–404
- 15 Annotated Code of Maryland
- 16 (2011 Replacement Volume and 2016 Supplement)
- 17 BY repealing and reenacting, with amendments,
- 18 Article Insurance
- 19 Section 11–202
- 20 Annotated Code of Maryland
- 21 (2011 Replacement Volume and 2016 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

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



	2		SENALE DILL 31				
1	(As enacted by Chapter 36 of the Acts of the General Assembly of 2015)						
$2 \\ 3$	SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That the Laws of Maryland read as follows:						
4	Article – Insurance						
5	11-202.						
6	(a)	(1)	This subtitle applies to all types of insurers.				
7 8	to:	(2)	Except as provided in subsection (b) of this section, this subtitle applies				
9			(i) property insurance;				
10			(ii) casualty insurance;				
11			(iii) surety insurance;				
12			(iv) marine insurance; and				
13			(v) wet marine and transportation insurance.				
14	(b)	(b) This subtitle does not apply to:					
15		(1)	reinsurance, except as provided in § 11–222 of this subtitle;				
16 17 18	(2) insurance of vessels or craft or their cargoes, marine protection and indemnity insurance, or insurance of other risks commonly insured under policies of marine insurance, as distinguished from inland marine insurance;						
19 20 21 22	(3) insurance against loss of or damage to aircraft including their accessories and equipment, or insurance against liability, other than workers' compensation insurance or employer's liability insurance, arising out of the ownership, maintenance, or use of aircraft;						
$\frac{23}{24}$	(4) title insurance, EXCEPT FOR §§ 11–218 THROUGH 11–222 <u>11–227</u> OF THIS SUBTITLE; or						
25		(5)	the Chesapeake Employers' Insurance Company.				
$\begin{array}{c} 26 \\ 27 \\ 28 \end{array}$	(c) If a kind of insurance, subdivision or combination of kinds of insurance, or type of coverage is subject to this subtitle and is also subject to regulation by another rate						

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27 type of coverage is subject to this subtitle and is also subject to regulation by another rate 28 regulatory provision of the statutes of the State, an insurer to which both provisions are 29 otherwise applicable shall file with the Commissioner a designation as to which rate

regulatory provision is applicable to it with respect to that kind of insurance, subdivisionor combination of kinds of insurance, or type of coverage.

3 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read 4 as follows:

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Article – Insurance

6 11-403.

7 (a) (1) Except as otherwise provided in this subsection, each title insurer shall 8 file with the Commissioner all rates or premiums, supplementary rate information, forms 9 of contracts, policies, or guarantees of insurance, and all modifications of contracts, policies, 10 or guarantees of insurance that it proposes to use.

11 (2) A filing is not required for rates or premiums for a special or unusual 12 guarantee as described in § 11–402(e)(2) of this subtitle.

13 (b) Each filing shall indicate the character or extent of coverage contemplated 14 under the rates and premiums for which it is made.

15 (c) A title insurer may not make a change in rates or premiums or in the forms of 16 contracts, policies, or guarantees of insurance unless a report that indicates the change has 17 been filed with and approved by the Commissioner.

18 (D) A TITLE INSURER MAY SATISFY ITS OBLIGATION TO MAKE FILINGS BY:

19(1) BEING A MEMBER OF OR A SUBSCRIBER TO A LICENSED TITLE20RATING ORGANIZATION THAT MAKES FILINGS; AND

21 (2) AUTHORIZING THE COMMISSIONER TO ACCEPT FILINGS ON ITS 22 BEHALF FROM THE TITLE RATING ORGANIZATION.

23 11-404.

(a) (1) Unless the Commissioner finds that a filing does not meet the
 requirements of this subtitle or is otherwise contrary to law, the Commissioner shall
 approve the filing.

(2) As soon as reasonably possible after a filing is made, the Commissioner
 shall approve or disapprove the filing in writing.

(3) If the Commissioner disapproves a filing, the Commissioner shall
 specify the ways that the Commissioner finds that the filing fails to meet the requirements
 of this subtitle or is otherwise contrary to law.

1 (1) THIS SUBSECTION DOES NOT APPLY TO FILINGS BY A RATING (b) $\mathbf{2}$ ORGANIZATION ON BEHALF OF TITLE INSURERS THAT ARE MEMBERS OR 3 SUBSCRIBERS OF THE RATING ORGANIZATION. 4 (2) If a filing is not disapproved by the Commissioner within 15 days after $\mathbf{5}$ the date of filing, or within 30 days after the date of filing if the Commissioner extends the 6 waiting period in writing during the initial 15-day period, the filing is deemed approved and the effective date of the filing is the end of the 15-day or 30-day waiting period. 7

8 (c) (1) The Commissioner shall hold a hearing to review the approval or 9 disapproval of a filing under this section if:

(i) after approval of the filing, the Commissioner finds that the filing
does not meet the requirements of this subtitle or is otherwise contrary to law;

12 (ii) a person with an interest in the filing makes a complaint to the 13 Commissioner in writing that sets forth specific and reasonable causes for complaint; or

(iii) a title insurer OR A RATING ORGANIZATION ON BEHALF OF
 ITS MEMBERS OR SUBSCRIBERS, on notice of disapproval by the Commissioner under
 this section, requests a hearing.

17 (2) A hearing under this subsection shall be held within 30 days after the 18 occurrence of an action specified in paragraph (1) of this subsection.

19 (3) The Commissioner shall give written notice of the hearing to all 20 interested parties.

21 (4) The Commissioner may confirm, modify, change, or rescind any 22 previous action, if warranted by the facts shown at the hearing.

23 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read 24 as follows:

25

Article – Insurance

- 26 11-202.
- 27 (a) (1) This subtitle applies to all types of insurers.

28 (2) Except as provided in subsection (b) of this section, this subtitle applies29 to:

- 30 (i) property insurance;
- 31 (ii) casualty insurance;

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1			(iii)	surety insurance;		
2			(iv)	marine insurance; and		
3			(v)	wet marine and transportation insurance.		
4	(b)	This	subtitl	e does not apply to:		
5		(1)	reins	urance, except as provided in § 11–222 of this subtitle;		
6 7 8	(2) insurance of vessels or craft or their cargoes, marine protection and indemnity insurance, or insurance of other risks commonly insured under policies of marine insurance, as distinguished from inland marine insurance;					
9 10 11 12		on ins	equip urance	ance against loss of or damage to aircraft including their ment, or insurance against liability, other than workers' or employer's liability insurance, arising out of the ownership, ircraft; or		
$\begin{array}{c} 13\\14 \end{array}$	OF THIS SU	(4) BTITI		insurance, EXCEPT FOR §§ 11–218 THROUGH 11–222 <u>11–227</u>		
$15 \\ 16$	(c)			insurance, subdivision or combination of kinds of insurance, or		

15 (c) If a kind of insurance, subdivision or combination of kinds of insurance, or 16 type of coverage is subject to this subtitle and is also subject to regulation by another rate 17 regulatory provision of the statutes of the State, an insurer to which both provisions are 18 otherwise applicable shall file with the Commissioner a designation as to which rate 19 regulatory provision is applicable to it with respect to that kind of insurance, subdivision 20 or combination of kinds of insurance, or type of coverage.

SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall take effect October 1, 2017. It shall remain effective until the taking effect of Section 3 of this Act. If Section 3 of this Act takes effect, Section 1 of this Act shall be abrogated and of no further force and effect.

25 SECTION 5. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall take 26 effect January 1, 2023, the effective date of Section 4 of Chapter 36 of the Acts of the 27 General Assembly of 2015. If the effective date of Section 4 of Chapter 36 is amended, 28 Section 3 of this Act shall take effect on the taking effect of Section 4 of Chapter 36.

29 SECTION 6. AND BE IT FURTHER ENACTED, That, subject to the provisions of 30 Sections 4 and 5 of this Act, this Act shall take effect October 1, 2017.