

HOUSE BILL 657

C4

8lr0947
CF 8lr1688

By: **Delegates Sydnor, Aumann, Barkley, Carr, Cullison, Davis, Gilchrist, Hettleman, Hixson, Jameson, Queen, and Tarlau**

Introduced and read first time: January 29, 2018

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Insurance – Discrimination in Underwriting and Rating – Use of**
3 **Marital Status or Gender**

4 FOR the purpose of repealing a certain provision of law prohibiting an insurer, with respect
5 to private passenger motor vehicle insurance, from increasing a certain premium for
6 a certain spouse based on a certain change in marital status; prohibiting an insurer,
7 with respect to private passenger motor vehicle insurance, from refusing to
8 underwrite, canceling, refusing to renew, rating a risk, or increasing a renewal
9 premium based, in whole or in part, on the marital status or the gender of the insured
10 or applicant; and generally relating to private passenger motor vehicle insurance.

11 BY repealing and reenacting, with amendments,
12 Article – Insurance
13 Section 27–501(e–2)
14 Annotated Code of Maryland
15 (2017 Replacement Volume)

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

18 **Article – Insurance**

19 27–501.

20 (e–2) (1) In this subsection, “credit history” means any written, oral, or other
21 communication of any information by a consumer reporting agency bearing on a consumer’s
22 creditworthiness, credit standing, or credit capacity that is used or expected to be used, or
23 collected in whole or in part, for the purpose of determining personal lines insurance
24 premiums or eligibility for coverage.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) With respect to homeowner's insurance, an insurer may not:

2 (i) refuse to underwrite, cancel, or refuse to renew a risk based, in
3 whole or in part, on the credit history of an applicant or insured;

4 (ii) rate a risk based, in whole or in part, on the credit history of an
5 applicant or insured in any manner, including:

6 1. the provision or removal of a discount;

7 2. assigning the insured or applicant to a rating tier; or

8 3. placing an insured or applicant with an affiliated
9 company; or

10 (iii) require a particular payment plan based, in whole or in part, on
11 the credit history of the insured or applicant.

12 (3) (i) With respect to private passenger motor vehicle insurance, an
13 insurer may not:

14 1. refuse to underwrite, cancel, refuse to renew, or increase
15 the renewal premium based, in whole or in part, on the credit history of the insured or
16 applicant; or

17 2. require a particular payment plan based, in whole or in
18 part, on the credit history of the insured or applicant.

19 (ii) 1. An insurer may, subject to paragraphs (4) and (5) of this
20 subsection, use the credit history of an applicant to rate a new policy of private passenger
21 motor vehicle insurance.

22 2. For purposes of this subsection, rating includes:

23 A. the provision or removal of a discount;

24 B. assigning the applicant to a rating tier; or

25 C. placing an applicant with an affiliated company.

26 (4) With respect to private passenger motor vehicle insurance, an insurer
27 that rates a new policy based, in whole or in part, on the credit history of the applicant:

28 (i) may not use a factor on the credit history of the applicant that
29 occurred more than 5 years prior to the issuance of the new policy;

30 (ii) 1. shall advise an applicant at the time of application that

1 credit history is used; and

2 2. shall, on request of the applicant, provide a premium
3 quotation that separately identifies the portion of the premium attributable to the
4 applicant's credit history;

5 (iii) may not use the following factors in rating the policy:

6 1. the absence of credit history or the inability to determine
7 the applicant's credit history; or

8 2. the number of credit inquiries about an applicant's credit
9 history;

10 (iv) 1. shall review the credit history of an insured who was
11 adversely impacted by the use of the insured's credit history at the initial rating of the
12 policy:

13 A. every 2 years; or

14 B. on request of the insured; and

15 2. shall adjust the premium of an insured whose credit
16 history was reviewed under this subparagraph to reflect any improvement in the insured's
17 credit history; or

18 (v) shall disclose to the applicant at the time of the issuance of a
19 policy that the insurer is required to:

20 1. review the credit history of an insured who was adversely
21 impacted by the use of the insured's credit history at the initial rating or underwriting of
22 the policy:

23 A. every 2 years; or

24 B. on request of the insured; and

25 2. adjust the premium of an insured whose credit history was
26 reviewed to reflect any improvement in the insured's credit history.

27 (5) With respect to private passenger motor vehicle insurance, an insurer
28 that rates a new policy based, in whole or in part, on the credit history of the applicant may,
29 if actuarially justified, provide a discount of up to 40% or impose a surcharge of up to 40%.

30 (6) With respect to private passenger motor vehicle insurance, an insurer
31 may not [increase the premium for an insured who becomes a surviving spouse based solely
32 on the insured's change in marital status] **REFUSE TO UNDERWRITE, CANCEL, REFUSE**

1 TO RENEW, RATE A RISK, OR INCREASE THE RENEWAL PREMIUM BASED, IN WHOLE
2 OR IN PART, ON THE MARITAL STATUS OR THE GENDER OF THE INSURED OR
3 APPLICANT.

4 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
5 October 1, 2018.