

# SENATE BILL 876

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CF 8lr3821

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By: **Senator Middleton**

Introduced and read first time: February 5, 2018

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Commercial Lines – Exemptions From Filings**

3 FOR the purpose of providing that certain requirements to the Maryland Insurance  
4 Commissioner for filing with the Commissioner certain rates and supplementary  
5 rate information and for modifications of rates and supplementary rate information  
6 do not apply to exempt commercial policyholders; repeals the requirement that a  
7 certain commercial policyholder has to certify in a certain manner to the  
8 Commissioner that it meets certain criteria for a certain exemption; altering the  
9 definition of “exempt commercial policyholder”; and generally relating to exemptions  
10 from rate and form filings for commercial insurance lines.

11 BY repealing and reenacting, with amendments,  
12 Article – Insurance  
13 Section 11–206  
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 11–206.

20 (a) (1) Except as otherwise provided in this section, each insurer shall file with  
21 the Commissioner all rates, supplementary rate information, policy forms, and  
22 endorsements and all modifications of rates, supplementary rate information, policy forms,  
23 and endorsements that the insurer proposes to use.

24 (2) Each filing shall state its proposed effective date and shall indicate the  
25 character and extent of the coverage contemplated.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (b) (1) (i) If a filing is not accompanied by the information on which the  
2 insurer supports the filing and the Commissioner does not have sufficient information to  
3 determine whether the filing meets the requirements of this subtitle, the Commissioner  
4 shall require the insurer to provide supporting information for the filing within 60 days.

5 (ii) If the Commissioner requires the filer to provide supporting  
6 information, the waiting period under subsection (g) of this section begins on the date the  
7 supporting information is provided.

8 (2) The information provided in support of a filing may include:

9 (i) the judgment of the filer;

10 (ii) the filer's interpretation of any statistical data relied on;

11 (iii) the experience of other filers; and

12 (iv) any other relevant factors.

13 (c) Each filing shall include the experience of the filer.

14 (d) A filing and any supporting information shall be open to public inspection as  
15 soon as filed.

16 (e) An insurer may satisfy its obligation to make filings by:

17 (1) being a member of or subscriber to a licensed rating organization that  
18 makes filings; and

19 (2) authorizing the Commissioner to accept filings on its behalf from the  
20 rating organization.

21 (f) The Commissioner shall review each filing as soon as reasonably possible after  
22 it is made to determine whether it meets the requirements of this subtitle.

23 (g) (1) (i) Except as provided in subsections (h) and (i) of this section, a  
24 filing may not take effect until 30 working days after it is filed with the Commissioner.

25 (ii) By written notice to the filer during the initial 30-day waiting  
26 period that the Commissioner needs additional time for consideration of the filing, the  
27 Commissioner may extend the waiting period for an additional period not exceeding 30  
28 working days.

29 (2) On written application by the filer, the Commissioner may authorize a  
30 filing that the Commissioner has reviewed to become effective before the expiration of the  
31 waiting period or any extension of the waiting period or at a later date.

1 (3) A filing is deemed approved unless disapproved by the Commissioner  
2 during the waiting period or any extension of the waiting period.

3 (4) A filing may be withdrawn or amended by the filer at any time before  
4 approval.

5 (5) After approval or disapproval of a filing, the withdrawal or amendment  
6 of the filing is subject to the approval of the Commissioner in accordance with this section.

7 (h) (1) Inland marine risks that by general custom of the business are not  
8 written according to manual rates or rating plans need not be filed.

9 (2) Notwithstanding paragraph (1) of this subsection, specific inland  
10 marine rates on risks specially rated by a rating organization shall be filed, become effective  
11 when filed, and remain effective until the Commissioner finds the filing does not meet the  
12 requirements of this subtitle.

13 (i) A special filing with respect to a surety or guarantee bond required by law, by  
14 court, by executive order, or by order, rule, or regulation of a public body, not covered by a  
15 previous filing shall become effective when filed and remain effective until the  
16 Commissioner finds that the filing does not meet the requirements of this subtitle.

17 (j) (1) In this subsection, "exempt commercial policyholder" means a person  
18 that:

19 (i) pays annual aggregate property and casualty premiums for  
20 commercial insurance policies issued in the State during the current or preceding calendar  
21 year of \$25,000 or more; and

22 (ii) meets any two of the following criteria:

23 1. generates annual revenues or sales in excess of  
24 ~~[\$10,000,000]~~ **\$5,000,000**;

25 2. possesses a net worth in excess of ~~[\$5,000,000]~~  
26 **\$2,500,000**;

27 3. employs at least 25 full-time employees;

28 4. is a nonprofit organization or public body with an annual  
29 budget of at least ~~[\$10,000,000]~~ **\$5,000,000**; or

30 5. is a municipal corporation with a population of at least  
31 15,000.

1           (2) The filing requirements of this section do not apply to **RATES,**  
2 **SUPPLEMENTARY RATE INFORMATION,** policy forms, and endorsements and to  
3 modifications of **RATES, SUPPLEMENTARY RATE INFORMATION,** policy forms, and  
4 endorsements issued to an exempt commercial policyholder.

5           (3) (i) An exempt commercial policyholder must certify in writing, on a  
6 form approved by the Commissioner, to the insurer issuing coverage [and the  
7 Commissioner] that it meets the criteria necessary for exemption from **RATE AND** form  
8 filing requirements.

9                   (ii) The certification must include:

10                           1. specific reference to the optional criteria that the insured  
11 has satisfied to qualify as an exempt commercial policyholder;

12                           2. information required by the Commissioner for the purpose  
13 of determining the annual aggregate premiums of the insured for purposes of paragraph  
14 (1)(i) of this subsection; and

15                           3. an acknowledgment by the insured that the **RATE,**  
16 **SUPPLEMENTARY RATE INFORMATION,** policy form, endorsement, or modification  
17 intended for use has not been filed with the Commissioner.

18           (4) This subsection does not apply to the filing of workers' compensation  
19 insurance **RATE AND** policy forms.

20           (5) The Commissioner may require, by regulation, that insurers provide  
21 information to the Administration on the number and types of policies written for exempt  
22 commercial policyholders under this subsection.

23           (6) On written request of the Commissioner, an insurer shall file with the  
24 Commissioner a form or endorsement issued to an exempt commercial policyholder.

25           (7) Except for the exemption from **RATE AND** form filing requirements  
26 under this section, a **RATE, SUPPLEMENTARY RATE INFORMATION,** form, or  
27 endorsement issued to an exempt commercial policyholder is subject to all applicable  
28 provisions of this article.

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