

HOUSE BILL 949

C4

9lr2360

By: **Delegate Washington**

Introduced and read first time: February 8, 2019

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Insurance – Discrimination in Underwriting and Rating – Use of**
3 **Territory**

4 FOR the purpose of altering the scope of certain provisions on the use of territory as a factor
5 in establishing certain automobile insurance rates; prohibiting an insurer, with
6 respect to private passenger motor vehicle insurance, from refusing to underwrite,
7 canceling, refusing to renew, rating a risk, or increasing a renewal premium based
8 wholly or partly on the territory of the insured or applicant; providing for the
9 application of this Act; and generally relating to underwriting and automobile
10 insurance.

11 BY repealing and reenacting, with amendments,
12 Article – Insurance
13 Section 11–216, 11–319, and 27–501(e–2)
14 Annotated Code of Maryland
15 (2017 Replacement Volume and 2018 Supplement)

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 11–216.

20 **(A) THIS SECTION DOES NOT APPLY TO PRIVATE PASSENGER MOTOR**
21 **VEHICLE INSURANCE.**

22 **(B)** An insurer that uses territory as a factor in establishing automobile insurance
23 rates shall submit a statement to the Commissioner certifying that:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (1) the territories used by the insurer have been reviewed within the
2 previous 3 years; and

3 (2) use of the territories is actuarially justified.

4 11-319.

5 **(A) THIS SECTION DOES NOT APPLY TO PRIVATE PASSENGER MOTOR**
6 **VEHICLE INSURANCE.**

7 **(B)** An insurer that uses territory as a factor in establishing automobile insurance
8 rates shall submit a statement to the Commissioner certifying that:

9 (1) the territories used by the insurer have been reviewed within the
10 previous 3 years; and

11 (2) use of the territories is actuarially justified.

12 27-501.

13 (e-2) (1) In this subsection, "credit history" means any written, oral, or other
14 communication of any information by a consumer reporting agency bearing on a consumer's
15 creditworthiness, credit standing, or credit capacity that is used or expected to be used, or
16 collected in whole or in part, for the purpose of determining personal lines insurance
17 premiums or eligibility for coverage.

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

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

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

23 1. the provision or removal of a discount;

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

25 3. placing an insured or applicant with an affiliated
26 company; or

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

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

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

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

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

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

10 A. the provision or removal of a discount;

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

12 C. placing an applicant with an affiliated company.

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

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

17 (ii) 1. shall advise an applicant at the time of application that
18 credit history is used; and

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

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

23 1. the absence of credit history or the inability to determine
24 the applicant's credit history; or

25 2. the number of credit inquiries about an applicant's credit
26 history;

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

30 A. every 2 years; or

31 B. on request of the insured; and

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

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

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

9 A. every 2 years; or

10 B. on request of the insured; and

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

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

16 (6) With respect to private passenger motor vehicle insurance, an insurer
17 may not increase the premium for an insured who becomes a surviving spouse based solely
18 on the insured's change in marital status.

19 **(7) WITH RESPECT TO PRIVATE PASSENGER MOTOR VEHICLE**
20 **INSURANCE, AN INSURER MAY NOT REFUSE TO UNDERWRITE, CANCEL, REFUSE TO**
21 **RENEW, RATE A RISK, OR INCREASE THE RENEWAL PREMIUM BASED WHOLLY OR**
22 **PARTLY ON THE TERRITORY OF THE INSURED OR APPLICANT.**

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2019, and shall apply to all policies of automobile insurance offered, issued, or
25 delivered in the State on or after January 1, 2020.