

BY: Finance Committee

AMENDMENTS TO SENATE BILL NO. 825

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike "Automobile" and substitute "Motor Vehicle"; in the same line, strike "and Homeowners"; strike beginning with "Misrepresentations" in line 2 down through "Policies" in line 3 and substitute "Premium Increases - Notice to Insureds"; strike beginning with "authorizing" in line 4 down through "homeowners" in line 15 and substitute "altering the content of a certain notice that a motor vehicle liability insurer must send to an insured regarding the right of the insured to protest certain proposed actions of the insurer; and generally relating to the notice to an insured regarding a premium increase in a policy of motor vehicle liability"; strike in their entirety lines 17 through 22, inclusive; and in line 25, strike "27-501" and substitute "27-605(b)".

AMENDMENT NO. 2

On pages 2 through 4, strike in their entirety the lines beginning with line 2 on page 2 through line 15 on page 4, inclusive, and substitute:

"27-605.

(b) (1) At least 45 days before the proposed effective date of the action, an insurer that intends to take an action subject to this section must send written notice of its proposed action to the insured at the last known address of the insured:

(i) for notice of cancellation or nonrenewal, by certified mail; and

(ii) for all other notices of actions subject to this section, by certificate of mailing.

(2) The notice must be in triplicate and on a form approved by the Commissioner.

(Over)

(3) The notice must state in clear and specific terms:

(i) the proposed action to be taken, including:

1. for a premium increase, the amount of the increase and the type of coverage to which it is applicable; and

2. for a reduction in coverage, the type of coverage reduced and the extent of the reduction;

(ii) the proposed effective date of the action;

(iii) subject to paragraph (4) of this subsection, the actual reason of the insurer for proposing to take the action;

(iv) if there is coupled with the notice an offer to continue or renew the policy in accordance with § 27-606 of this subtitle:

1. the name of the individual or individuals to be excluded from coverage; and

2. the premium amount if the policy is continued or renewed with the named individual or individuals excluded from coverage;

(v) the right of the insured to replace the insurance through the Maryland Automobile Insurance Fund and the current address and telephone number of the Fund; AND

(vi) EXCEPT IN THE CASE OF A PREMIUM INCREASE THAT IS CONSISTENT WITH THE INSURER'S SURCHARGE PLAN AS FILED WITH THE COMMISSIONER AND AUTHORIZED UNDER THE APPLICABLE PROVISIONS OF TITLE 11 OF THIS ARTICLE:

1. the right of the insured to protest the proposed action of the insurer and request a hearing before the Commissioner on the proposed action by signing two copies of the notice and sending them to the Commissioner within 30 days after the mailing date of the notice;

[(vii)] 2. that if a protest is filed by the insured, the insurer must maintain the

current insurance in effect until a final determination is made by the Commissioner, subject to the payment of any authorized premium due or becoming due before the determination; and

[(viii)] 3. the authority of the Commissioner to award reasonable attorney fees to the insured for representation at a hearing if the Commissioner finds the proposed action of the insurer to be unjustified.

(4) (i) The insurer's statement of actual reason for proposing to take an action subject to this section must be sufficiently clear and specific so that an individual of average intelligence can identify the basis for the insurer's decision without making further inquiry.

(ii) The use of generalized terms such as "personal habits", "living conditions", "poor morals", or "violation or accident record" does not meet the requirements of this paragraph."