
By: Senators Della, Stone, and Hollinger

Introduced and read first time: January 17, 1997

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Competitive Rating - Private Passenger Motor Vehicle and Homeowners Insurance -**
3 **Repeal**

4 FOR the purpose of repealing competitive rating for private passenger motor vehicle
5 insurance and homeowners insurance; clarifying that competitive rating applies to
6 workers' compensation insurance and employer's liability insurance; repealing a
7 certain basis on which the Insurance Commissioner may disapprove certain rates
8 without making a certain determination; and generally relating to competitive rating
9 for establishing rates for certain types of insurance.

10 BY repealing and reenacting, with amendments,

11 Article - Insurance

12 Section 11-303(a) and 11-306(b)

13 Annotated Code of Maryland

14 (1995 Volume and 1996 Supplement)

15 (As enacted by Chapter _____ (H.B. 11) of the Acts of the General Assembly of

16 1997)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article - Insurance**

20 11-303.

21 (a) Notwithstanding Subtitle 2 of this title, this subtitle applies to [the
22 establishment of rates for all types of insurance except:

23 (1) life insurance;

24 (2) annuities;

25 (3) health insurance;

26 (4) marine insurance described in § 11-202(b)(2) of this title;

27 (5) aircraft insurance described in § 11-202(b)(3) of this title;

28 (6) reinsurance;

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1 (7) insurance provided under the Maryland Automobile Insurance Fund;

2 (8) insurance provided under the Injured Workers' Insurance Fund;

3 (9) title insurance;

4 (10) medical malpractice insurance;

5 (11) any form or plan of insurance regulated under § 27-217 of this article;

6 and

7 (12) surety insurance] WORKERS' COMPENSATION AND EMPLOYER'S
8 LIABILITY INSURANCE WRITTEN IN CONNECTION WITH WORKERS' COMPENSATION.

9 11-306.

10 (b) (1) Rates may not be:

11 (i) excessive or inadequate, as defined under this subtitle; or

12 (ii) unfairly discriminatory.

13 (2) [Except as provided in paragraph (4) of this subsection, a] A rate may
14 not be held to be excessive unless:

15 (i) the rate is unreasonably high for the insurance provided; and

16 (ii) the Commissioner has issued a ruling under § 11-308(c) of this
17 subtitle that a reasonable degree of competition does not exist in a market to which the
18 rate is applicable.

19 (3) A rate may not be held to be inadequate unless:

20 (i) the rate is unreasonably low for the insurance provided and
21 continued use of the rate would endanger the solvency of the insurer; or

22 (ii) the rate is unreasonably low for the insurance provided and the use
23 of the rate by the insurer has had, or if continued will have, the effect of destroying
24 competition or of creating monopoly.

25 [(4) For personal lines property insurance and casualty insurance, the
26 Commissioner may hold a statewide rate or a rate in a particular jurisdiction or
27 geographic territory to be excessive without determining whether a reasonable degree of
28 competition exists under § 11-308(c) of this subtitle if the Commissioner determines that
29 the rate:

30 (i) is unreasonably high for the insurance provided; and

31 (ii) is not actuarially justified based on commonly accepted actuarial
32 principles.

33 (5) If the Commissioner determines that a rate is excessive under paragraph
34 (4) of this subsection and disapproves the rate, the disapproval is subject to § 11-308
35 (c)(4), (d), and (e) of this subtitle.]

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1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 1997.