
By: Senators Conway, Young, McFadden, Hughes, and Kelley

Introduced and read first time: February 20, 1997

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Automobile Insurance - Rate Making Principles - Geographic Terms and Credit History**

3 FOR the purpose of prohibiting an insurer under an automobile insurance policy from
4 expressing any underlying risk consideration in geographic terms or using any rating
5 territory smaller than the entire State under certain circumstances; prohibiting an
6 insurer under an automobile insurance policy from considering the credit history of
7 an insured under certain circumstances; and generally relating to rate setting
8 principles in automobile insurance.

9 BY repealing and reenacting, without amendments,
10 Article - Insurance
11 Section 11-205(f)(4) and 11-306(e)(4)
12 Annotated Code of Maryland
13 (1995 Volume and 1996 Supplement)
14 (As enacted by Chapter _____ (H.B. 11) of the Acts of the General Assembly of 1997)

15 BY adding to
16 Article - Insurance
17 Section 11-215(h) and (i) and 11-318(h) and (i)
18 Annotated Code of Maryland
19 (1995 Volume and 1996 Supplement)
20 (As enacted by Chapter _____ (H.B. 11) of the Acts of the General Assembly of 1997)

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

23 **Article - Insurance**

24 11-205.

25 (f) (4) Notwithstanding any other provision of this subsection, a rate may not
26 be based wholly or partly on geographic area itself, as opposed to underlying risk
27 considerations, even though expressed in geographic terms.

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1 11-215.

2 (H) NOTWITHSTANDING THE PROVISIONS OF § 11-205(F)(4) OF THIS SUBTITLE,
3 AN INSURER UNDER AN AUTOMOBILE INSURANCE POLICY MAY NOT:

4 (1) EXPRESS ANY UNDERLYING RISK CONSIDERATION IN GEOGRAPHIC
5 TERMS; OR

6 (2) USE OR EMPLOY ANY RATING TERRITORY SMALLER THAN THE
7 ENTIRE STATE IN THE CLASSIFICATION OF ANY RATE.

8 (I) FOR PURPOSES OF RECLASSIFYING AN INSURED IN A CLASSIFICATION
9 THAT ENTAILS A HIGHER PREMIUM, AN INSURER UNDER AN AUTOMOBILE
10 INSURANCE POLICY MAY NOT CONSIDER THE CREDIT HISTORY OF THE INSURED.

11 11-306.

12 (e) (4) Notwithstanding any other provision of this subsection, a rate may not
13 be based wholly or partly on geographic area itself, as opposed to underlying risk
14 considerations, even though expressed in geographic terms.

15 11-318.

16 (H) NOTWITHSTANDING THE PROVISIONS OF § 11-306(E)(4) OF THIS SUBTITLE,
17 AN INSURER UNDER AN AUTOMOBILE INSURANCE POLICY MAY NOT:

18 (1) EXPRESS ANY UNDERLYING RISK CONSIDERATION IN GEOGRAPHIC
19 TERMS; OR

20 (2) USE OR EMPLOY ANY RATING TERRITORY SMALLER THAN THE
21 ENTIRE STATE IN THE CLASSIFICATION OF ANY RATE.

22 (I) FOR PURPOSES OF RECLASSIFYING AN INSURED IN A CLASSIFICATION
23 THAT ENTAILS A HIGHER PREMIUM, AN INSURER UNDER AN AUTOMOBILE
24 INSURANCE POLICY MAY NOT CONSIDER THE CREDIT HISTORY OF THE INSURED.

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