

HOUSE BILL 1223

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1998 Regular Session
(8lr2590)

ENROLLED BILL
-- Economic Matters/Finance --

Introduced by **Delegate V. Mitchell**

Read and Examined by Proofreaders:

Proofreader.

Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this
____ day of _____ at _____ o'clock, ____ M.

Speaker.

CHAPTER _____

1 AN ACT concerning

2 **Workers' Compensation Insurance - Scheduled Credits**

3 FOR the purpose of authorizing, pursuant to a certain filing, a workers' compensation
4 insurance rating plan that permits certain adjustments based on characteristics
5 of a risk that are not reflected in the uniform experience rating plan under
6 certain circumstances; and generally relating to workers' compensation
7 insurance.

8 BY repealing and reenacting, with amendments,
9 Article - Insurance
10 Section 11-329
11 Annotated Code of Maryland
12 (1997 Volume)

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

1

Article - Insurance

2 11-329.

3 (a) Each workers' compensation insurer shall:

4 (1) be a member of a workers' compensation rating organization; and

5 (2) adhere to the policy forms filed by the rating organization.

6 (b) (1) Each workers' compensation insurer shall adhere to a uniform
7 classification system and uniform experience rating plan filed with the Commissioner
8 by a rating organization designated by and subject to disapproval by the
9 Commissioner.10 (2) (i) An insurer may develop subclassifications of the uniform
11 classification system on which a rate may be made.12 (ii) Any subclassification developed under subparagraph (i) of this
13 paragraph shall be filed with the Commissioner at least 30 days before its use.14 (iii) If the insurer fails to demonstrate that the data produced under
15 a subclassification can be reported in a manner consistent with the uniform
16 classification system and uniform statistical plan, the Commissioner shall disapprove
17 the subclassification.18 (c) Each workers' compensation insurer shall record and report its workers'
19 compensation experience to a rating organization as set forth in the uniform
20 statistical plan approved by the Commissioner.21 (d) (1) Subject to the approval of the Commissioner, each rating
22 organization shall develop and file rules reasonably related to the recording and
23 reporting of data under the uniform classification system, uniform statistical plan,
24 and uniform experience rating plan.25 (2) In writing and reporting its business, each workers' compensation
26 insurer shall adhere to the approved rules and experience rating plan.27 (3) An insurer may not agree with another insurer or rating organization
28 to adhere to rules that are not reasonably related to the recording and reporting of
29 data under the uniform classification system or uniform statistical plan.30 (e) The experience rating plan methodology required under § 11-330(d)(4) of
31 this subtitle shall be based on:

32 (1) reasonable eligibility standards;

33 (2) adequate incentives for loss prevention; and

34 (3) sufficient premium differentials so as to encourage safety.

1 (f) (1) ~~The~~ EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION,
2 THE uniform experience rating plan shall be the ~~exclusive~~ PRIMARY ~~exclusive~~ means
3 of providing prospective premium adjustment based on measurement of the
4 loss-producing characteristics of an individual insured.

5 (2) IN ADDITION TO ANY PREMIUM ADJUSTMENT ALLOWED UNDER
6 PARAGRAPH (1) OF THIS SUBSECTION AND PURSUANT TO A FILING MADE BY A
7 RATING ORGANIZATION AND APPROVED BY THE COMMISSIONER, AN INSURER MAY
8 FILE A RATING PLAN WITH THE COMMISSIONER THAT PROVIDES FOR ~~PERSPECTIVE~~
9 PROSPECTIVE PREMIUM ADJUSTMENTS UP TO 25% BASED UPON CHARACTERISTICS
10 OF A RISK THAT ARE NOT REFLECTED IN THE UNIFORM EXPERIENCE RATING PLAN.

11 [(2)] (3) An insurer may file a rating plan that provides for retrospective
12 premium adjustments based on an insured's past experience.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 1998.