

HOUSE BILL 1223

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1998 Regular Session  
8lr2590  
CF SB 673

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By: **Delegate V. Mitchell**  
Introduced and read first time: February 13, 1998  
Assigned to: Economic Matters

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Committee Report: Favorable with amendments  
House action: Adopted  
Read second time: March 24, 1998

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CHAPTER \_\_\_\_\_

1 AN ACT concerning

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

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

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

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

14 **Article - Insurance**

15 11-329.

16 (a) Each workers' compensation insurer shall:

- 17 (1) be a member of a workers' compensation rating organization; and
- 18 (2) adhere to the policy forms filed by the rating organization.

19 (b) (1) Each workers' compensation insurer shall adhere to a uniform  
20 classification system and uniform experience rating plan filed with the Commissioner

1 by a rating organization designated by and subject to disapproval by the  
2 Commissioner.

3 (2) (i) An insurer may develop subclassifications of the uniform  
4 classification system on which a rate may be made.

5 (ii) Any subclassification developed under subparagraph (i) of this  
6 paragraph shall be filed with the Commissioner at least 30 days before its use.

7 (iii) If the insurer fails to demonstrate that the data produced under  
8 a subclassification can be reported in a manner consistent with the uniform  
9 classification system and uniform statistical plan, the Commissioner shall disapprove  
10 the subclassification.

11 (c) Each workers' compensation insurer shall record and report its workers'  
12 compensation experience to a rating organization as set forth in the uniform  
13 statistical plan approved by the Commissioner.

14 (d) (1) Subject to the approval of the Commissioner, each rating  
15 organization shall develop and file rules reasonably related to the recording and  
16 reporting of data under the uniform classification system, uniform statistical plan,  
17 and uniform experience rating plan.

18 (2) In writing and reporting its business, each workers' compensation  
19 insurer shall adhere to the approved rules and experience rating plan.

20 (3) An insurer may not agree with another insurer or rating organization  
21 to adhere to rules that are not reasonably related to the recording and reporting of  
22 data under the uniform classification system or uniform statistical plan.

23 (e) The experience rating plan methodology required under § 11-330(d)(4) of  
24 this subtitle shall be based on:

25 (1) reasonable eligibility standards;

26 (2) adequate incentives for loss prevention; and

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

28 (f) (1) The uniform experience rating plan shall be the ~~exclusive~~ PRIMARY  
29 means of providing prospective premium adjustment based on measurement of the  
30 loss-producing characteristics of an individual insured.

31 (2) AN INSURER MAY FILE A RATING PLAN THAT PROVIDES FOR  
32 ~~PERSPECTIVE~~ PROSPECTIVE PREMIUM ADJUSTMENTS BASED UPON  
33 CHARACTERISTICS OF A RISK THAT ARE NOT REFLECTED IN THE UNIFORM  
34 EXPERIENCE RATING PLAN.

35 [(2)] (3) An insurer may file a rating plan that provides for retrospective  
36 premium adjustments based on an insured's past experience.

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