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By: Delegate Love

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A BILL ENTITLED

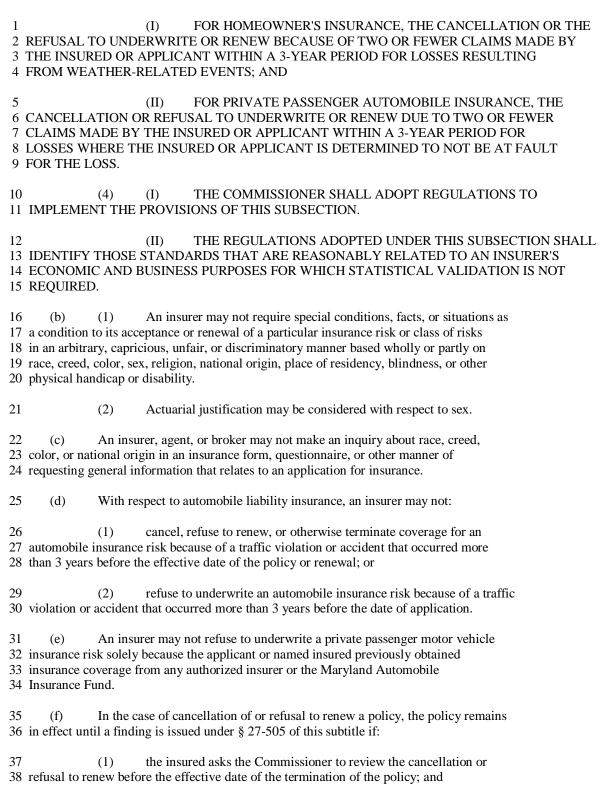
1 AN ACT concerning

2 Insurance - Standards for Cancellation, Underwriting, and Nonrenewal

- 3 FOR the purpose of prohibiting insurers from using certain standards for purposes of
- 4 canceling or refusing to renew or underwrite homeowners and private passenger
- 5 automobile insurance; requiring the Insurance Commissioner to adopt certain
- 6 regulations; providing for the termination of this Act; and generally relating to
- standards that insurers are prohibited from using in the cancellation or refusal
- 8 to renew or underwrite certain insurance.
- 9 BY repealing and reenacting, with amendments,
- 10 Article Insurance
- 11 Section 27-501
- 12 Annotated Code of Maryland
- 13 (1997 Volume)
- 14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
- 15 MARYLAND, That the Laws of Maryland read as follows:

16 Article - Insurance

- 17 27-501.
- 18 (a) (1) An insurer, agent, or broker may not cancel or refuse to underwrite or
- 19 renew a particular insurance risk or class of risk for a reason based wholly or partly
- 20 on race, color, creed, sex, or blindness of an applicant or policyholder or for any
- 21 arbitrary, capricious, or unfairly discriminatory reason.
- 22 (2) An insurer, agent, or broker may not cancel or refuse to underwrite or
- 23 renew a particular insurance risk or class of risk except by the application of
- 24 standards that are reasonably related to the insurer's economic and business
- 25 purposes.
- 26 (3) THE FOLLOWING STANDARDS ARE NOT REASONABLY RELATED TO
- 27 AN INSURER'S ECONOMIC AND BUSINESS PURPOSES UNDER THIS SUBSECTION:



HOUSE BILL 1356

- 1 (2) the Commissioner begins action to issue a finding under § 27-505 of 2 this subtitle.

 3 (g) At a hearing to determine whether this section has been violated, the 4 burden of persuasion is on the insurer to show that the cancellation or refusal to
- 6 (h) (1) This subsection applies to insurance underwriting standards for all 7 health, life, disability, property, and casualty coverages provided in the State.

5 underwrite or renew is justified under the underwriting standards demonstrated.

- 8 (2) At the request of the Commissioner, each insurer shall file with the 9 Commissioner a copy of its underwriting standards, including any amendments or 10 supplements.
- 11 (3) The Commissioner may review and examine the underwriting 12 standards to ensure compliance with this article.
- 13 (4) Each insurer may request a finding by the Commissioner that its 14 underwriting standards filed with the Commissioner be considered confidential 15 commercial information under § 10-617(d) of the State Government Article.
- 16 (5) The Commissioner shall adopt regulations to carry out this 17 subsection.
- SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
- 19 October 1, 1998. It shall remain effective for a period of 3 years and, at the end of
- 20 September 30, 2001, with no further action required by the General Assembly, this
- 21 Act shall be abrogated and of no further force and effect.