

SENATE BILL 673

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1998 Regular Session
(8lr2498)

ENROLLED BILL
-- Finance/Economic Matters --

Introduced by **Senator Derr**

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.

President.

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; ~~altering the law to require that the uniform experience~~
7 ~~rating plan be the primary, rather than the exclusive, means of providing~~
8 ~~certain prospective premium adjustment~~; and generally relating to workers'
9 compensation insurance.

10 BY repealing and reenacting, with amendments,
11 Article - Insurance
12 Section 11-329
13 Annotated Code of Maryland
14 (1997 Volume)

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

3 **Article - Insurance**

4 11-329.

5 (a) Each workers' compensation insurer shall:

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

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

8 (b) (1) Each workers' compensation insurer shall adhere to a uniform
9 classification system and uniform experience rating plan filed with the Commissioner
10 by a rating organization designated by and subject to disapproval by the
11 Commissioner.

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

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

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

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

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

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

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

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

34 (1) reasonable eligibility standards;

1 (2) adequate incentives for loss prevention; and

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

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

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

13 [(2)] (3) An insurer may file a rating plan that provides for retrospective
14 premium adjustments based on an insured's past experience.

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