

SENATE BILL 673

Unofficial Copy
C4

1998 Regular Session
8r2498

By: **Senator Derr**

Introduced and read first time: February 11, 1998

Assigned to: Rules

A BILL ENTITLED

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
21 by a rating organization designated by and subject to disapproval by the
22 Commissioner.

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

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

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

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

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

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

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

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

19 (1) reasonable eligibility standards;

20 (2) adequate incentives for loss prevention; and

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

22 (f) (1) The uniform experience rating plan shall be the exclusive means of
23 providing prospective premium adjustment based on measurement of the
24 loss-producing characteristics of an individual insured.

25 (2) AN INSURER MAY FILE A RATING PLAN THAT PROVIDES FOR
26 PERSPECTIVE PREMIUM ADJUSTMENTS BASED UPON CHARACTERISTICS OF A RISK
27 THAT ARE NOT REFLECTED IN THE UNIFORM EXPERIENCE RATING PLAN.

28 [(2)] (3) An insurer may file a rating plan that provides for retrospective
29 premium adjustments based on an insured's past experience.

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