

SENATE BILL 673

Unofficial Copy
C4

1998 Regular Session
8lr2498
CF 8lr2590

By: **Senator Derr**

Introduced and read first time: February 11, 1998

Assigned to: Rules

Re-referred to: Finance, February 18, 1998

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 26, 1998

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

9 BY repealing and reenacting, with amendments,
10 Article - Insurance
11 Section 11-329
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 11-329.

- 18 (a) Each workers' compensation insurer shall:
- 19 (1) be a member of a workers' compensation rating organization; and
 - 20 (2) adhere to the policy forms filed by the rating organization.

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

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

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

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

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

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

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

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

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

27 (1) reasonable eligibility standards;

28 (2) adequate incentives for loss prevention; and

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

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

33 (2) PURSUANT TO A FILING MADE BY A RATING ORGANIZATION AND
34 APPROVED BY THE COMMISSIONER, AN INSURER MAY FILE A RATING PLAN WITH
35 THE COMMISSIONER THAT PROVIDES FOR ~~PERSPECTIVE~~ PROSPECTIVE PREMIUM
36 ADJUSTMENTS UP TO 25% BASED UPON CHARACTERISTICS OF A RISK THAT ARE NOT
37 REFLECTED IN THE UNIFORM EXPERIENCE RATING PLAN.

1 [(2)] (3) An insurer may file a rating plan that provides for retrospective
2 premium adjustments based on an insured's past experience.

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