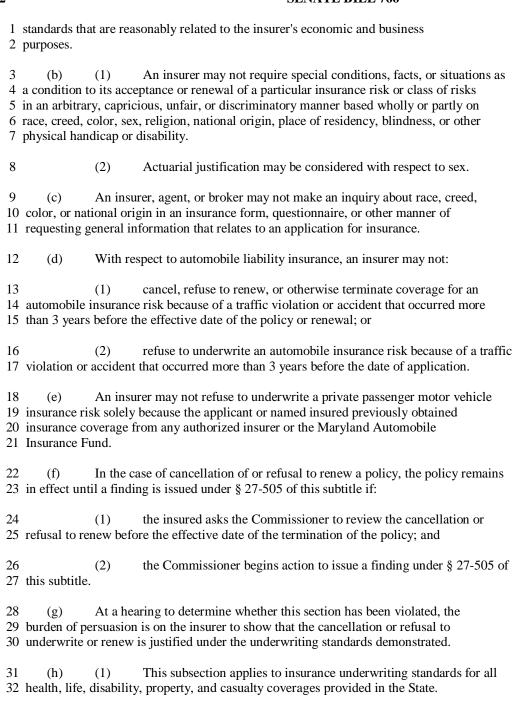
Unofficial Copy C4 1998 Regular Session 8lr2703

By: Senator Green Introduced and read first time: March 2, 1998 Assigned to: Rules A BILL ENTITLED 1 AN ACT concerning 2 Homeowner's Insurance and Private Passenger Motor Vehicle Insurance -3 **Underwriting Standards** 4 FOR the purpose of altering certain underwriting standards by which an insurer may 5 not cancel or refuse to renew or underwrite risks with respect to homeowner's 6 insurance and private passenger motor vehicle insurance under certain 7 circumstances; requiring the Maryland Insurance Commissioner to adopt 8 certain regulations concerning certain underwriting standards with respect to 9 homeowner's insurance and private passenger motor vehicle insurance; providing for the termination of this Act; and generally relating to underwriting 10 standards for homeowner's insurance and private passenger motor vehicle 11 12 insurance. 13 BY repealing and reenacting, with amendments, Article - Insurance 14 15 Section 27-501 16 Annotated Code of Maryland 17 (1997 Volume) 18 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF 19 MARYLAND, That the Laws of Maryland read as follows: **Article - Insurance** 20 21 27-501. 22 (a) An insurer, agent, or broker may not cancel or refuse to underwrite or 23 renew a particular insurance risk or class of risk for a reason based wholly or partly 24 on race, color, creed, sex, or blindness of an applicant or policyholder or for any 25 arbitrary, capricious, or unfairly discriminatory reason. 26 [An] SUBJECT TO THE PROVISIONS OF SUBSECTION (I) OF THIS

27 SECTION, AN insurer, agent, or broker may not cancel or refuse to underwrite or 28 renew a particular insurance risk or class of risk except by the application of

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35 supplements.



At the request of the Commissioner, each insurer shall file with the

34 Commissioner a copy of its underwriting standards, including any amendments or

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- 1 (3)The Commissioner may review and examine the underwriting 2 standards to ensure compliance with this article. 3 (4) Each insurer may request a finding by the Commissioner that its 4 underwriting standards filed with the Commissioner be considered confidential 5 commercial information under § 10-617(d) of the State Government Article. (5) The Commissioner shall adopt regulations to carry out this 6 7 subsection. SUBJECT TO THE PROVISIONS OF PARAGRAPHS (2) AND (3) OF THIS 8 (1) (I) 9 SUBSECTION, THE COMMISSIONER SHALL ADOPT REGULATIONS THAT IDENTIFY 10 STANDARDS THAT ARE REASONABLY RELATED TO AN INSURER'S ECONOMIC AND 11 BUSINESS PURPOSES AS PROVIDED UNDER SUBSECTION (A)(2) OF THIS SECTION, 12 INCLUDING STANDARDS FOR WHICH STATISTICAL VALIDATION IS NOT REQUIRED. 13 (2) WITH RESPECT TO HOMEOWNER'S INSURANCE, AN INSURER MAY 14 NOT: 15 CANCEL, REFUSE TO RENEW, OR OTHERWISE TERMINATE (I) 16 COVERAGE FOR A HOMEOWNER'S INSURANCE RISK BECAUSE THE INSURED MADE 17 TWO OR FEWER CLAIMS WITHIN A 3-YEAR PERIOD FOR LOSSES RESULTING FROM 18 WEATHER-RELATED EVENTS; OR 19 (II)REFUSE TO UNDERWRITE A HOMEOWNER'S RISK BECAUSE THE 20 APPLICANT MADE TWO OR FEWER CLAIMS WITHIN A 3-YEAR PERIOD FOR LOSSES 21 RESULTING FROM WEATHER-RELATED EVENTS. WITH RESPECT TO PRIVATE PASSENGER MOTOR VEHICLE 22 (3) 23 INSURANCE, AN INSURER MAY NOT: 24 (I) CANCEL, REFUSE TO RENEW, OR OTHERWISE TERMINATE 25 COVERAGE FOR A PRIVATE PASSENGER MOTOR VEHICLE INSURANCE RISK BECAUSE 26 THE INSURED MADE TWO OR FEWER CLAIMS WITHIN A 3-YEAR PERIOD FOR LOSSES 27 WHERE THE INSURED WAS DETERMINED NOT TO BE AT FAULT FOR THE LOSS; OR 28 (II)REFUSE TO UNDERWRITE A PRIVATE PASSENGER MOTOR 29 VEHICLE RISK BECAUSE THE APPLICANT MADE TWO OR FEWER CLAIMS WITHIN A 30 3-YEAR PERIOD FOR LOSSES WHERE THE APPLICANT WAS DETERMINED NOT TO BE 31 AT FAULT FOR THE LOSS. SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect 32 33 October 1, 1998. It shall remain effective for a period of 3 years and, at the end of
- 34 September 30, 2001, with no further action required by the General Assembly, this
- 35 Act shall be abrogated and of no further force and effect.