

**Department of Legislative Services**  
Maryland General Assembly

**FISCAL NOTE**  
**Revised**

Senate Bill 57 (Chairman, Finance Committee)  
(Departmental - Insurance Administration)

Finance

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**Insurance Policies - Cancellation or Nonrenewal - Statement of Actual Reason**

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This amended departmental bill requires an insurer that cancels or refuses to renew an insurance policy to provide the insured with a statement of the actual reason for the cancellation or refusal to renew. Under current law, insurers have the option to simply provide notice that the actual reason will be provided upon request. The bill also clarifies that the requirement to provide a statement of actual reason applies only to a cancellation or nonrenewal of an existing policy, not to a refusal to issue a new policy. The bill eliminates the requirement that an insurer submit a copy of the statement of actual reason to the Insurance Commissioner. This bill does not apply to life, health, motor vehicle liability, or surety insurance policies.

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**Fiscal Summary**

**State Effect:** None. The bill would not directly affect the Maryland Insurance Administration's (MIA) finances.

**Local Effect:** None.

**Small Business Effect:** MIA has determined that this bill will have minimal or no economic impact on small businesses (attached). Legislative Services concurs with this assessment. (This assessment does not reflect any amendments to the bill.)

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**Information Source(s):** Maryland Insurance Administration

**Fiscal Note History:** First Reader - January 21, 1998

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Revised - Senate Third Reader - March 20, 1998

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