

HOUSE BILL 424

Unofficial Copy
C4

1999 Regular Session
9r1422
CF 9r1754

By: **Delegates Kach, Krysiak, Donoghue, and Love**
Introduced and read first time: February 10, 1999
Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance Rating Law - Exempt Commercial Policyholders**

3 FOR the purpose of exempting insurers that issue policies to certain commercial
4 policyholders from certain form filing requirements under prior approval
5 insurance rating law; requiring certain policies of certain commercial
6 policyholders to be stamped or endorsed in a certain manner; defining a certain
7 term; and generally relating to exempting insurers from certain requirements
8 under prior approval insurance rating law.

9 BY repealing and reenacting, with amendments,
10 Article - Insurance
11 Section 11-201 and 11-206
12 Annotated Code of Maryland
13 (1997 Volume and 1998 Supplement)

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 11-201.

18 (a) The purposes of this subtitle are:

19 (1) to promote the public welfare by regulating insurance rates so that
20 they are not excessive, inadequate, or unfairly discriminatory; [and]

21 (2) to authorize and regulate cooperative action among insurers in rate
22 making and in other matters within the scope of this subtitle; AND

23 (3) TO EXEMPT POLICIES ISSUED TO LARGE COMMERCIAL
24 POLICYHOLDERS FROM FORM FILING REQUIREMENTS.

25 (b) This subtitle is not intended:

26 (1) to prohibit or discourage reasonable competition; or

1 (2) to prohibit or, except to the extent necessary to accomplish the
2 purposes stated in subsection (a) of this section, to encourage uniformity in insurance
3 rates, rating systems, rating plans, or rating practices.

4 (c) This subtitle shall be interpreted liberally to carry out the provisions of
5 this section.

6 11-206.

7 (a) (1) Except as otherwise provided in this section, each insurer shall file
8 with the Commissioner all rates, supplementary rate information, policy forms, and
9 endorsements and all modifications of rates, supplementary rate information, policy
10 forms, and endorsements that the insurer proposes to use.

11 (2) Each filing shall state its proposed effective date and shall indicate
12 the character and extent of the coverage contemplated.

13 (b) (1) (i) If a filing is not accompanied by the information on which the
14 insurer supports the filing and the Commissioner does not have sufficient
15 information to determine whether the filing meets the requirements of this subtitle,
16 the Commissioner shall require the insurer to provide supporting information for the
17 filing within 60 days.

18 (ii) If the Commissioner requires the filer to provide supporting
19 information, the waiting period under subsection (g) of this section begins on the date
20 the supporting information is provided.

21 (2) The information provided in support of a filing may include:

22 (i) the judgment of the filer;

23 (ii) the filer's interpretation of any statistical data relied on;

24 (iii) the experience of other filers; and

25 (iv) any other relevant factors.

26 (c) Each filing shall include the experience of the filer.

27 (d) A filing and any supporting information shall be open to public inspection
28 as soon as filed.

29 (e) An insurer may satisfy its obligation to make filings by:

30 (1) being a member of or subscriber to a licensed rating organization that
31 makes filings; and

32 (2) authorizing the Commissioner to accept filings on its behalf from the
33 rating organization.

1 (f) The Commissioner shall review each filing as soon as reasonably possible
2 after it is made to determine whether it meets the requirements of this subtitle.

3 (g) (1) (i) Except as provided in subsections (h) and (i) of this section, a
4 filing may not take effect until 30 working days after it is filed with the
5 Commissioner.

6 (ii) By written notice to the filer during the initial 30-day waiting
7 period that the Commissioner needs additional time for consideration of the filing, the
8 Commissioner may extend the waiting period for an additional period not exceeding
9 30 working days.

10 (2) On written application by the filer, the Commissioner may authorize
11 a filing that the Commissioner has reviewed to become effective before the expiration
12 of the waiting period or any extension of the waiting period or at a later date.

13 (3) A filing is deemed approved unless disapproved by the Commissioner
14 during the waiting period or any extension of the waiting period.

15 (4) A filing may be withdrawn or amended by the filer at any time before
16 approval.

17 (5) After approval or disapproval of a filing, the withdrawal or
18 amendment of the filing is subject to the approval of the Commissioner in accordance
19 with this section.

20 (h) (1) Inland marine risks that by general custom of the business are not
21 written according to manual rates or rating plans need not be filed.

22 (2) Notwithstanding paragraph (1) of this subsection, specific inland
23 marine rates on risks specially rated by a rating organization shall be filed, become
24 effective when filed, and remain effective until the Commissioner finds the filing does
25 not meet the requirements of this subtitle.

26 (i) A special filing with respect to a surety or guarantee bond required by law,
27 by court, by executive order, or by order, rule, or regulation of a public body, not
28 covered by a previous filing shall become effective when filed and remain effective
29 until the Commissioner finds that the filing does not meet the requirements of this
30 subtitle.

31 (J) (1) IN THIS SUBSECTION, "EXEMPT COMMERCIAL POLICYHOLDER"
32 MEANS A POLICYHOLDER THAT CERTIFIES THAT IT MEETS ANY TWO OF THE
33 FOLLOWING CRITERIA:

34 (I) PAYS ANNUAL AGGREGATE PROPERTY AND CASUALTY
35 INSURANCE PREMIUMS, OTHER THAN PREMIUMS FOR WORKERS' COMPENSATION
36 COVERAGE, OF \$25,000 OR MORE;

37 (II) GENERATES ANNUAL NET REVENUES OR SALES IN EXCESS OF
38 \$50,000,000;

1 (III) EMPLOYS AT LEAST 25 FULL-TIME EMPLOYEES AT THE TIME
2 THE POLICY IS WRITTEN OR RENEWED;

3 (IV) PROCURES ITS INSURANCE THROUGH AN EMPLOYEE ACTING
4 AS AN INSURANCE MANAGER OR A RETAINED QUALIFIED INSURANCE ADVISER;

5 (V) POSSESSES A NET WORTH IN EXCESS OF \$25,000,000;

6 (VI) IS A NONPROFIT ORGANIZATION OR A UNIT OF THE STATE OR
7 LOCAL GOVERNMENT WITH AN ANNUAL BUDGET OF AT LEAST \$25,000,000; OR

8 (VII) IS A POLITICAL SUBDIVISION WITH A POPULATION IN EXCESS
9 OF 25,000 PERSONS.

10 (2) THE FILING REQUIREMENTS OF THIS SECTION DO NOT APPLY TO
11 POLICY FORMS AND ENDORSEMENTS AND TO MODIFICATIONS OF POLICY FORMS
12 AND ENDORSEMENTS ISSUED TO AN EXEMPT COMMERCIAL POLICYHOLDER.

13 (3) THE FORM AND ENDORSEMENTS OF ANY POLICY ISSUED TO AN
14 EXEMPT COMMERCIAL POLICYHOLDER SHALL BE KEPT AVAILABLE BY THE INSURER
15 FOR INSPECTION BY THE COMMISSIONER ON REQUEST.

16 (4) POLICIES ISSUED TO AN EXEMPT COMMERCIAL POLICYHOLDER
17 SHALL BE ENDORSED OR STAMPED CONSPICUOUSLY ON THE FIRST PAGE OF THE
18 POLICY OR CONFIRMATION AS FOLLOWS: "THIS POLICY IS EXEMPT FROM THE FORM
19 FILING AND APPROVAL REQUIREMENTS OF § 11-206 OF THE INSURANCE ARTICLE."

20 (5) THIS SUBSECTION DOES NOT APPLY TO POLICIES OF WORKERS'
21 COMPENSATION INSURANCE.

22 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
23 October 1, 1999.