
By: **Delegate Redmer**

Introduced and read first time: February 12, 1999

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 23, 1999

CHAPTER _____

1 AN ACT concerning

2 **Workers' Compensation Insurance - Notice of Cancellation**

3 FOR the purpose of extending the number of days notice an insurer and the Board for
4 the Injured Workers' Insurance Fund must give before canceling a workers'
5 compensation insurance policy; and generally relating to notice of cancellation of
6 workers' compensation insurance policies.

7 BY repealing and reenacting, with amendments,
8 Article - Insurance
9 Section 19-406(a)
10 Annotated Code of Maryland
11 (1997 Volume and 1998 Supplement)

12 BY repealing and reenacting, with amendments,
13 Article - Labor and Employment
14 Section 10-133(b) and 10-135(d)
15 Annotated Code of Maryland
16 (1991 Volume and 1998 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That the Laws of Maryland read as follows:

1

Article - Insurance

2 19-406.

3 (a) An insurer may not cancel a workers' compensation insurance policy before
4 its expiration unless, at least [30] 45 days before the date of cancellation, the insurer:

5 (1) serves on the employer, by personal service or registered mail
6 addressed to the last known address of the employer, a notice of intention to cancel
7 the policy; and

8 (2) files a copy of the notice with the State Workers' Compensation
9 Commission.

10

Article - Labor and Employment11 10-133.

12 (b) (1) Subject to paragraph (2) of this subsection, the Board, the President
13 of the Fund, or the Executive Vice President of the Fund may:

14 (i) cancel the insurance of a policyholder who fails to pay a
15 premium due to the Fund; and

16 (ii) refer to the Attorney General, for collection, the debt of any
17 policyholder whose insurance is being cancelled under this paragraph.

18 (2) At least [30] 45 days before the date set for cancellation of insurance
19 under this subsection, the Board shall:

20 (i) serve on the policyholder, by personal service or by certified or
21 registered mail sent to the last known resident address of the policyholder, a notice of
22 intention to cancel insurance; and

23 (ii) submit a copy of the notice to the Workers' Compensation
24 Commission.

25 (3) Notice under this subsection may be given:

26 (i) for a policyholder that is a corporation, to an official or other
27 agent of the corporation on whom legal process may be served; and

28 (ii) for a policyholder that is a partnership, to any partner.

29 (4) Notice under this subsection shall state the date on which the
30 cancellation is to become effective.

31 (5) Whenever a debt is referred under this subsection for collection, the
32 insurance may not be reinstated until the debt is paid in full.

1 10-135.

2 (d) (1) Subject to paragraph (2) of this subsection, the Board, the President
3 of the Fund, or the Executive Vice President of the Fund may cancel the insurance of
4 a policyholder who:

5 (i) fails to comply with subsection (b) of this section; or

6 (ii) refuses to allow an inspection authorized under subsection (c) of
7 this section.

8 (2) At least [30] 45 days before the date set for cancellation of insurance
9 under this subsection, the Board shall:

10 (i) serve on the policyholder, by personal service or by certified or
11 registered mail sent to the last known resident address of the policyholder, a notice of
12 intention to cancel insurance; and

13 (ii) submit a copy of the notice to the Workers' Compensation
14 Commission.

15 (3) Notice under this subsection may be given:

16 (i) for a policyholder that is a corporation, to an official or other
17 agent of the corporation on whom legal process may be served; and

18 (ii) for a policyholder that is a partnership, to any partner.

19 (4) Notice under this subsection shall state the date on which the
20 cancellation is to become effective.

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