

HOUSE BILL 818

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2000 Regular Session  
0lr2620  
CF 0lr2390

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By: **Delegate Kach**

Introduced and read first time: February 11, 2000

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

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

3 FOR the purpose of exempting from certain form filing requirements under prior  
4 approval insurance rating law insurers that issue policies to certain commercial  
5 policyholders; requiring a certain commercial policyholder to certify to the  
6 insurer issuing coverage that it meets certain criteria for exemption;  
7 authorizing the Insurance Commissioner to require by regulation certain  
8 information about policies written for certain commercial policyholders; defining  
9 a certain term; and generally relating to exempting insurers issuing coverage to  
10 commercial policyholders from certain requirements under prior approval  
11 insurance rating law.

12 BY repealing and reenacting, with amendments,  
13 Article - Insurance  
14 Section 11-206  
15 Annotated Code of Maryland  
16 (1997 Volume and 1999 Supplement)

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

19 **Article - Insurance**

20 11-206.

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

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

27 (b) (1) (i) If a filing is not accompanied by the information on which the  
28 insurer supports the filing and the Commissioner does not have sufficient

1 information to determine whether the filing meets the requirements of this subtitle,  
2 the Commissioner shall require the insurer to provide supporting information for the  
3 filing within 60 days.

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

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

8 (i) the judgment of the filer;

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

10 (iii) the experience of other filers; and

11 (iv) any other relevant factors.

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

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

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

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

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

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

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

25 (ii) By written notice to the filer during the initial 30-day waiting  
26 period that the Commissioner needs additional time for consideration of the filing, the  
27 Commissioner may extend the waiting period for an additional period not exceeding  
28 30 working days.

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

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

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

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

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

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

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

17 (J) (1) IN THIS SUBSECTION, "EXEMPT COMMERCIAL POLICYHOLDER"  
18 MEANS A PERSON THAT:

19 (I) PAYS ANNUAL AGGREGATE COUNTRYWIDE PROPERTY AND  
20 CASUALTY PREMIUMS OF \$50,000 OR MORE; AND

21 (II) MEETS ANY TWO OF THE FOLLOWING CRITERIA:

22 1. GENERATES ANNUAL REVENUES OR SALES IN EXCESS OF  
23 \$10,000,000;

24 2. POSSESSES A NET WORTH IN EXCESS OF \$5,000,000;

25 3. EMPLOYS AT LEAST 25 FULL-TIME EMPLOYEES;

26 4. IS A NONPROFIT ORGANIZATION OR PUBLIC BODY WITH  
27 AN ANNUAL BUDGET OF AT LEAST \$25,000,000;

28 5. IS A MUNICIPAL CORPORATION WITH A POPULATION OF  
29 AT LEAST 15,000; OR

30 6. RETAINS, EMPLOYS, OR UTILIZES AN INDEPENDENT  
31 INSURANCE ADVISOR WHO:

32 A. IS QUALIFIED BY EXPERIENCE, EDUCATION, OR TRAINING  
33 TO ASSESS THE INSURANCE PURCHASER'S NEEDS AND TO ANALYZE THE POLICY OF  
34 INSURANCE ON BEHALF OF THE INSURANCE PURCHASER; AND

35 B. MAY BE A LICENSED AGENT OR BROKER.

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

4           (3)     (I)     AN EXEMPT COMMERCIAL POLICYHOLDER MUST CERTIFY IN  
5 WRITING TO THE INSURER ISSUING COVERAGE THAT IT MEETS THE CRITERIA  
6 NECESSARY FOR EXEMPTION FROM FORM FILING REQUIREMENTS.

7                     (II)    THE CERTIFICATION MUST INCLUDE SPECIFIC REFERENCE TO  
8 THE OPTIONAL CRITERIA THAT THE INSURED HAS SATISFIED TO QUALIFY AS AN  
9 EXEMPT COMMERCIAL POLICYHOLDER.

10           (4)     THIS SUBSECTION DOES NOT APPLY TO THE FILING OF WORKERS'  
11 COMPENSATION INSURANCE POLICY FORMS.

12           (5)     THE COMMISSIONER MAY REQUIRE, BY REGULATION, THAT  
13 INSURERS PROVIDE INFORMATION TO THE ADMINISTRATION ON THE NUMBER AND  
14 TYPES OF POLICIES WRITTEN FOR EXEMPT COMMERCIAL POLICYHOLDERS UNDER  
15 THIS SUBSECTION.

16     SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
17 October 1, 2000.