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By: Delegate Kach

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Committee Report: Favorable with amendments House action: Adopted Read second time: March 25, 2000

CHAPTER_____

1 AN ACT concerning

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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 and the Insurance Commissioner that it meets certain

- 7 criteria for exemption; specifying the contents of the certification; authorizing
- 8 the Insurance Commissioner to require by regulation certain information about
- 9 policies written for certain commercial policyholders; providing that a certain

10 insurer must file certain forms and endorsements on written request of the

11 Insurance Commissioner; clarifying that certain forms and endorsements are

12 subject to certain provisions of law; authorizing the Insurance Commissioner to

13 allow, by regulation, a certain exempt commercial policyholder to procure

14 coverage from a certain unauthorized insurer; defining a certain term; and

15 generally relating to exempting insurers issuing coverage to commercial

16 policyholders from certain requirements under prior approval insurance rating

17 law.

18 BY repealing and reenacting, with amendments,

- 19 Article Insurance
- 20 Section 11-206
- 21 Annotated Code of Maryland
- 22 (1997 Volume and 1999 Supplement)

23 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF

24 MARYLAND, That the Laws of Maryland read as follows:

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1	Article - Insurance						
2 11-206.							
5 endorsemen	(a) (1) Except as otherwise provided in this section, each insurer shall file with the Commissioner all rates, supplementary rate information, policy forms, and endorsements and all modifications of rates, supplementary rate information, policy forms, and endorsements that the insurer proposes to use.						
7 8 the characte	(2) Each filing shall state its proposed effective date and shall indicate the character and extent of the coverage contemplated.						
11 information 12 the Commi	 (b) (1) (i) If a filing is not accompanied by the information on which the insurer supports the filing and the Commissioner does not have sufficient information to determine whether the filing meets the requirements of this subtitle, the Commissioner shall require the insurer to provide supporting information for the filing within 60 days. 						
14 15 informatior 16 the support		If the Commissioner requires the filer to provide supporting period under subsection (g) of this section begins on the date in is provided.					
17	(2) Th	e information provided in support of a filing may include:					
18	(i)	the judgment of the filer;					
19	(ii)	the filer's interpretation of any statistical data relied on;					
20	(iii	the experience of other filers; and					
21	(iv	any other relevant factors.					
22 (c)	Each filing shall include the experience of the filer.						
23 (d) 24 as soon as f	23 (d) A filing and any supporting information shall be open to public inspection 24 as soon as filed.						
25 (e)	An insurer 1	nay satisfy its obligation to make filings by:					
26 27 makes filin		ng a member of or subscriber to a licensed rating organization that					
28 29 rating organ		horizing the Commissioner to accept filings on its behalf from the					
30 (f) 31 after it is m		ssioner shall review each filing as soon as reasonably possible ine whether it meets the requirements of this subtitle.					
32 (g)33 filing may a34 Commission		Except as provided in subsections (h) and (i) of this section, a until 30 working days after it is filed with the					

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1 (ii) By written notice to the filer during the initial 30-day waiting 2 period that the Commissioner needs additional time for consideration of the filing, the 3 Commissioner may extend the waiting period for an additional period not exceeding

4 30 working days.

5 (2) On written application by the filer, the Commissioner may authorize 6 a filing that the Commissioner has reviewed to become effective before the expiration 7 of the waiting period or any extension of the waiting period or at a later date.

8 (3) A filing is deemed approved unless disapproved by the Commissioner 9 during the waiting period or any extension of the waiting period.

10 (4) A filing may be withdrawn or amended by the filer at any time before 11 approval.

12 (5) After approval or disapproval of a filing, the withdrawal or 13 amendment of the filing is subject to the approval of the Commissioner in accordance 14 with this section.

15 (h) (1) Inland marine risks that by general custom of the business are not 16 written according to manual rates or rating plans need not be filed.

17 (2) Notwithstanding paragraph (1) of this subsection, specific inland 18 marine rates on risks specially rated by a rating organization shall be filed, become 19 effective when filed, and remain effective until the Commissioner finds the filing does 20 not meet the requirements of this subtitle.

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

26 (J) (1) IN THIS SUBSECTION, "EXEMPT COMMERCIAL POLICYHOLDER" 27 MEANS A PERSON THAT:

28 (I) PAYS ANNUAL AGGREGATE COUNTRYWIDE PROPERTY AND
 29 CASUALTY PREMIUMS FOR COMMERCIAL INSURANCE POLICIES ISSUED IN THE
 30 STATE DURING THE CURRENT OR PRECEDING CALENDAR YEAR OF \$50,000 \$75,000 OR
 31 MORE; AND

32	(II)	MEETS ANY TWO OF THE FOLLOWING CRITERIA:		
33 34 \$10,000,000;		1.	GENERATES ANNUAL REVENUES OR SALES IN EXCESS OF	
35		2.	POSSESSES A NET WORTH IN EXCESS OF \$5,000,000;	

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3. EMPLOYS AT LEAST 25 FULL-TIME EMPLOYEES;

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1 2	4. IS A NONPROFIT ORGANIZATION OR PUBLIC BODY WITH AN ANNUAL BUDGET OF AT LEAST \$25,000,000; <u>\$10,000,000; OR</u>
3 4	5. IS A MUNICIPAL CORPORATION WITH A POPULATION OF AT LEAST 15,000 ; OR
5 6	6. RETAINS, EMPLOYS, OR UTILIZES AN INDEPENDENT 5 INSURANCE ADVISOR WHO:
	A. IS QUALIFIED BY EXPERIENCE, EDUCATION, OR TRAINING TO ASSESS THE INSURANCE PURCHASER'S NEEDS AND TO ANALYZE THE POLICY OF INSURANCE ON BEHALF OF THE INSURANCE PURCHASER; AND
10	0 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.
10	4 (3) (I) AN EXEMPT COMMERCIAL POLICYHOLDER MUST CERTIFY IN 5 WRITING <u>, ON A FORM APPROVED BY THE COMMISSIONER</u> , TO THE INSURER ISSUING 6 COVERAGE <u>AND THE COMMISSIONER</u> THAT IT MEETS THE CRITERIA NECESSARY FOR 7 EXEMPTION FROM FORM FILING REQUIREMENTS.
1	8 (II) THE CERTIFICATION MUST INCLUDE:
	9 <u>1.</u> SPECIFIC REFERENCE TO THE OPTIONAL CRITERIA THAT 1 THE INSURED HAS SATISFIED TO QUALIFY AS AN EXEMPT COMMERCIAL 1 POLICYHOLDER <u>;</u>
	2 <u>2.</u> <u>INFORMATION REQUIRED BY THE COMMISSIONER FOR</u> 3 <u>THE PURPOSE OF DETERMINING THE ANNUAL AGGREGATE PREMIUMS OF THE</u> 4 <u>INSURED FOR PURPOSES OF PARAGRAPH (1)(I) OF THIS SUBSECTION; AND</u>
	53.AN ACKNOWLEDGMENT BY THE INSURED THAT THE6POLICY FORM, ENDORSEMENT, OR MODIFICATION INTENDED FOR USE HAS NOT7BEEN FILED WITH THE COMMISSIONER.
23 29	8 (4) THIS SUBSECTION DOES NOT APPLY TO THE FILING OF WORKERS' 9 COMPENSATION INSURANCE POLICY FORMS.
32	0 (5) THE COMMISSIONER MAY REQUIRE, BY REGULATION, THAT 1 INSURERS PROVIDE INFORMATION TO THE ADMINISTRATION ON THE NUMBER AND 2 TYPES OF POLICIES WRITTEN FOR EXEMPT COMMERCIAL POLICYHOLDERS UNDER 3 THIS SUBSECTION.
	4(6)ON WRITTEN REQUEST OF THE COMMISSIONER, AN INSURER SHALL5FILE WITH THE COMMISSIONER A FORM OR ENDORSEMENT ISSUED TO AN EXEMPT6COMMERCIAL POLICYHOLDER.

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1 (7) EXCEPT FOR THE EXEMPTION FROM FORM FILING REQUIREMENTS

- 2 PROVIDED IN THIS SECTION, A FORM OR ENDORSEMENT ISSUED TO AN EXEMPT
- 3 COMMERCIAL POLICYHOLDER IS SUBJECT TO ALL APPLICABLE PROVISIONS OF THIS
- 4 ARTICLE.
- 5 SECTION 2. AND BE IT FURTHER ENACTED, That the Insurance
- 6 <u>Commissioner</u>, by regulation, may authorize an exempt commercial policyholder to
- 7 procure coverage under this Act from an unauthorized insurer in accordance with §
- 8 <u>3-306.1 of the Insurance Article.</u>
- 9 SECTION 2. <u>3.</u> AND BE IT FURTHER ENACTED, That this Act shall take 10 effect October 1, 2000.