

BY: Economic Matters Committee

AMENDMENTS TO HOUSE BILL NO. 1002

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 7, strike “independent”; strike beginning with “repealing” in line 9 down through “insurance;” in line 10; in line 12, after “circumstances;” insert “requiring a certain notice of a proposed adverse action that is based wholly or party on a credit score or information from a credit report to contain certain information;”; strike beginning with “prohibiting” in line 12 down through “protest;” in line 18; strike beginning with “prohibiting” in line 19 down through “insured;” in line 21 and substitute “providing that the protest of a certain premium increase does not stay the proposed premium increase;”; strike beginning with “establishing” in line 23 down through “penalty;” in line 24 and substitute “defining certain terms;”; in line 24, after “Act;” insert “requiring the Commissioner, in consultation with certain insurers, to conduct a certain study and make certain recommendations; making this Act contingent on the taking effect of another Act;”; and strike beginning with the second “providing” in line 24 down through “Act;” in line 25.

On pages 1 and 2, strike in their entirety the lines beginning with line 32 on page 1 through line 3 on page 2, inclusive.

On page 2, strike line 9 in its entirety.

AMENDMENT NO. 2

On page 2, after line 13, insert:

“(A) IN THIS SECTION, “INCREASE IN A POLICY PREMIUM” INCLUDES AN INCREASE IN PREMIUM DUE TO:

(1) A SURCHARGE;

(2) RETIERING OR OTHER RECLASSIFICATION OF AN INSURED; OR

(Over)

(3) REMOVAL OR REDUCTION OF A DISCOUNT.”;

in line 14, strike “(a)” and substitute “(B)”; in line 21, strike the colon; in line 22, strike “(I)”; in line 24, strike the semicolon and substitute a period; and strike in their entirety lines 25 through 35, inclusive.

On page 3, in lines 1 and 4, strike “(b)” and “(C)”, respectively, and substitute “(C)” and “(D)”, respectively; and strike in their entirety lines 8 through 14, inclusive.

AMENDMENT NO. 3

On page 3, after line 15, insert:

“(A) IN THIS SECTION, “INCREASE IN PREMIUM” AND “PREMIUM INCREASE” INCLUDE AN INCREASE IN THE ENTIRE PREMIUM ON A POLICY DUE TO:

(1) A SURCHARGE;

(2) RETIERING OR OTHER RECLASSIFICATION OF AN INSURED; AND

(3) REMOVAL OR REDUCTION OF A DISCOUNT.”;

in line 16, strike “(a)” and substitute “(B)”; in line 22, strike “OR”; in line 23, strike the bracket; in the same line, strike “a” and substitute “THE ENTIRE”; in the same line, strike “for any coverage”; in lines 24, 27, 30, and 33, in each instance, strike the bracket; in line 30, strike “(1)(II)”; and in line 33, strike “(II)”.

On page 4, in line 8, strike “(b)” and substitute “(C)”; in line 17, strike the second comma; in lines 17 and 20, in each instance, strike the bracket; in line 18, strike “, the” and substitute “:

A. THE”;

in the same line, after “amount” insert “OF THE ENTIRE POLICY PREMIUM;

B. WHETHER THE PREMIUM INCREASE IS LESS THAN OR GREATER THAN 15% OF THE ENTIRE POLICY PREMIUM; AND

C. WHETHER THE INSURED IS REQUIRED TO PAY THE PREMIUM INCREASE UPON FILING A PROTEST OF THE INCREASE;;

strike beginning with “of” in line 18 down through “applicable;” in line 19; and in line 35, strike the bracket.

AMENDMENT NO. 4

On page 5, in line 5, after “(vii)” insert “EXCEPT FOR A PREMIUM INCREASE OF 15% OR LESS FOR THE ENTIRE POLICY;”; in line 8, strike “and”; in line 11, after “unjustified” insert “; AND”

(IX) IF THE PROPOSED ACTION IS BASED WHOLLY OR PARTLY ON A CREDIT SCORE OR INFORMATION FROM A CREDIT REPORT:

1. THE NAME, ADDRESS, AND TELEPHONE NUMBER OF THE CONSUMER REPORTING AGENCY THAT FURNISHED THE CREDIT REPORT TO THE INSURER, INCLUDING THE TOLL-FREE TELEPHONE NUMBER ESTABLISHED BY THE AGENCY IF THE AGENCY COMPILES AND MAINTAINS FILES ON CONSUMERS ON A NATIONWIDE BASIS;

2. THAT THE CONSUMER REPORTING AGENCY DID NOT MAKE THE DECISION TO TAKE THE PROPOSED ACTION AND IS UNABLE TO PROVIDE THE INSURED THE SPECIFIC REASONS WHY THE ACTION IS PROPOSED TO BE TAKEN;

3. THAT THE INSURED MAY OBTAIN, UNDER § 1681 OF THE FEDERAL FAIR CREDIT REPORTING ACT, A FREE COPY OF THE CREDIT REPORT OF THE INSURED FROM THE CONSUMER REPORTING AGENCY WITHIN 60 DAYS AFTER RECEIPT OF THE NOTICE; AND

4. THAT THE INSURED MAY DISPUTE, UNDER § 1681I OF THE FEDERAL FAIR CREDIT REPORTING ACT, WITH THE CONSUMER REPORTING AGENCY THE ACCURACY OR COMPLETENESS OF ANY INFORMATION IN THE CREDIT REPORT FURNISHED BY THE AGENCY;

(Over)

after line 18, insert:

“(III) THE COMMISSIONER MAY NOT DISALLOW A PROPOSED ACTION OF AN INSURER BECAUSE THE STATEMENT OF ACTUAL REASON CONTAINS:

1. GRAMMATICAL ERRORS, TYPOGRAPHICAL ERRORS, OR OTHER ERRORS PROVIDED THAT THE ERRORS ARE NONMATERIAL AND NOT MISLEADING; OR

2. SURPLUS INFORMATION, PROVIDED THAT THE SURPLUS INFORMATION IS NONMATERIAL AND NOT MISLEADING.”;

strike in their entirety lines 19 through 21, inclusive; in lines 22, 26, 27, 30, and 31, strike “(c)”, “(d)”, “(b)”, “(e)”, and “(c)”, respectively, and substitute “(D)”, “(E)”, “(C)”, “(F)”, and “(D)”, respectively; and in line 37, strike “A” and substitute “EXCEPT FOR A PREMIUM INCREASE OF 15% OR LESS FOR THE ENTIRE POLICY, A”.

On page 6, in line 1, strike the brackets; in the same line, strike “The” and substitute “EXCEPT FOR A PREMIUM INCREASE OF 15% OR LESS FOR THE ENTIRE POLICY, THE”; in lines 5, 7, 18, and 20, in each instance, strike the bracket; in line 8, strike “(f)” and substitute “(G)”; in line 20, strike “THE”; and in line 30, strike “(g)” and substitute “(H)”.

AMENDMENT NO. 5

On page 7, in line 9, strike “(h)” and substitute “(I)”; after line 10, insert:

“(J) (1) IF THE COMMISSIONER DISALLOWS A PREMIUM INCREASE OF 15% OR LESS FOR THE ENTIRE POLICY, THE INSURER, WITHIN 30 DAYS AFTER THE DISALLOWANCE, SHALL:

(I) RETURN TO THE INSURED ALL DISALLOWED PREMIUM RECEIVED FROM THE INSURED; AND

(II) PAY TO THE INSURED INTEREST ON THE DISALLOWED PREMIUM RECEIVED FROM THE INSURED CALCULATED AT 10% PER ANNUM FROM

THE DATE THE DISALLOWED PREMIUM WAS RECEIVED TO THE DATE THE DISALLOWED PREMIUM WAS RETURNED.

(2) IF AN INSURER FAILS TO RETURN ANY DISALLOWED PREMIUM OR FAILS TO PAY INTEREST TO AN INSURED IN VIOLATION OF PARAGRAPH (1) OF THIS SUBSECTION, THE INSURER IS IN VIOLATION OF THIS ARTICLE AND SUBJECT TO THE PENALTIES UNDER § 4-113(D) OF THIS ARTICLE.”;

in line 11, strike “(i)” and substitute “(K)”; and after line 12, insert:

“(L) THE COMMISSIONER MAY ADOPT REGULATIONS THAT EXCLUDE FROM THE REQUIREMENTS OF THIS SECTION CERTAIN TYPES OF PREMIUM INCREASES, INCLUDING PREMIUM INCREASES RESULTING FROM POLICY CHANGES:

(1) CAUSED OR REQUESTED BY INSUREDS; OR

(2) CAUSED BY THE LOSS OF DISCOUNTS.”.

AMENDMENT NO. 6

On pages 7 through 10, strike in their entirety the lines beginning with line 13 on page 7 through line 3 on page 10, inclusive.

AMENDMENT NO. 7

On page 10, strike in their entirety lines 4 through 11, inclusive, and substitute:

“SECTION 2. AND BE IT FURTHER ENACTED, That Section 1 of this Act applies to all cancellations of, failures to renew, increases in premium for, and reductions in coverage under a policy of motor vehicle liability insurance that are effective on or after October 1, 2002.

SECTION 3. AND BE IT FURTHER ENACTED, That it is the intent of the General Assembly:

(a) to establish an internal grievance process for private passenger automobile insurance consumers in this State; and

(Over)

(b) that any regulations authorized in this Act be adopted by the Maryland Insurance Commissioner with an effective date that will afford insurers sufficient notice and opportunity to comply with all statutory and regulatory requirements.

SECTION 4. AND BE IT FURTHER ENACTED, That:

(a) the Commissioner, in consultation with authorized private passenger automobile insurers, shall conduct a study regarding the feasibility of establishing an internal grievance process for the resolution of complaints regarding proposed adverse action by insurers with respect to private passenger automobile insurance premium increases.

(b) the study may examine:

(1) the information that should be included in a notice of adverse action;

(2) the procedures and time frame that should be established by an insurer for internal review of a complaint;

(3) whether an insured should be required to exhaust the insurer's internal grievance process before the insured may file a complaint with the Insurance Commissioner; and

(4) an appropriate standard to determine the sufficiency of information provided on a notice.

(c) on or before December 15, 2002, the Commissioner shall make recommendations, in accordance with § 2-1246 of the State Government Article, regarding the feasibility of establishing an internal grievance procedure to the House Economic Matters and Senate Finance Committees.

SECTION 5. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2002, contingent on the taking effect of Chapter _____ (H.B. 521) of the Acts of the General Assembly of 2002. If Chapter _____ (H.B. 521) does not become effective, this Act shall be null and void without the necessity of further action by the General Assembly.”.

