

BY: Finance Committee

AMENDMENTS TO SENATE BILL NO. 605

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 6, after “times;” insert “prohibiting an insurer from requiring a particular payment plan for an insured based on the credit history of the insured;”; 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 partly 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; and after line 3, insert:

“BY adding to

Article - Insurance

Section 27-501(e-1)

Annotated Code of Maryland

(1997 Volume and 2001 Supplement)”.

(Over)

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
- (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; in line 5, strike “INDEPENDENT”; and strike in their entirety lines 8 through 14, inclusive, and substitute:

“27-501.

(E-1) AN INSURER MAY NOT REQUIRE A PARTICULAR PAYMENT PLAN FOR AN INSURED FOR COVERAGE UNDER A PRIVATE PASSENGER OR HOMEOWNER’S INSURANCE POLICY BASED ON THE CREDIT HISTORY OF THE INSURED.”.

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 PREMIUM FOR ANY COVERAGE ON A POLICY DUE TO:

- (1) A SURCHARGE;
- (2) RETIERING OR OTHER RECLASSIFICATION OF AN INSURED; OR

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

in line 16, strike “(a)” and substitute “(B)”; in line 22, strike “OR”; in lines 23, 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 “, [“; in lines 20 and 35, in each instance, strike the bracket; and in line 35, strike “that is consistent with the” and substitute “OF 15% OR LESS FOR THE ENTIRE POLICY,”.

On page 5, strike beginning with “insurer’s” in line 1 down through the bracket in line 2.

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

(Over)

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”;

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, and 18, in each instance, strike the bracket; in line 5, after “protest” insert “OR DISALLOWANCE OF THE PREMIUM INCREASE”; in line 8, strike “(f)” and substitute “(G)”; strike beginning with “that” in line 18 down through “THE” in line 20 and substitute “OF 15% OR LESS FOR THE ENTIRE POLICY 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)”;

“(L) THE COMMISSIONER MAY ADOPT REGULATIONS THAT EXCLUDE FROM THE REQUIREMENTS OF THIS SECTION CERTAIN TYPES OF PREMIUM INCREASES, EXCEPT FOR PREMIUM INCREASES DUE TO:

(1) AN ACCIDENT;

(2) A VIOLATION OF THE MARYLAND VEHICLE LAW OR THE VEHICLE LAW OF ANOTHER STATE;

(3) THE CLAIMS HISTORY OF THE INSURED;

(4) THE CREDIT HISTORY OR THE CREDIT SCORE OF THE INSURED;

(5) A RETIERING OF THE INSURED; OR

(Over)

(6) A SURCHARGE.”.

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 January 1, 2003.

SECTION 3. 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 4. 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.”.