
By: ~~Delegates Krysiak and Kirk, Kirk, Barve, Donoghue, Fulton, and Harrison~~

Introduced and read first time: January 31, 2002

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 21, 2002

CHAPTER _____

1 AN ACT concerning

2 **Property and Casualty Insurance - ~~Discrimination in Underwriting or~~**
3 **~~Premium Increase—Credit History~~ Use of Credit History - Prohibition**

4 FOR the purpose of ~~prohibiting an insurer from refusing to underwrite a property and~~
5 ~~casualty insurance risk or increasing the premium because of the credit history~~
6 ~~of the applicant or named insured; and generally relating to discrimination in~~
7 ~~underwriting and increasing premiums for property and casualty insurance~~
8 ~~altering the termination date of certain provisions of law prohibiting an insurer~~
9 ~~from refusing to underwrite a certain insurance risk solely because of an~~
10 ~~applicant's or named insured's credit history and authorizing an insurer to~~
11 ~~request a certain finding; prohibiting an insurer from using the credit history of~~
12 ~~a certain applicant or insured, in whole or in part, to cancel, refuse to renew, or~~
13 ~~refuse to underwrite a certain insurance risk; prohibiting an insurer from using~~
14 ~~the credit history of a certain applicant or insured, in whole or in part, to rate a~~
15 ~~certain insurance risk in any manner; providing for the application of this Act;~~
16 ~~and generally relating to prohibiting the use of credit history in the~~
17 ~~underwriting or rating of personal lines property and casualty insurance.~~

18 BY repealing and reenacting, with amendments,
19 Chapter 576 of the Acts of the General Assembly of 1998
20 Section 3

21 BY repealing and reenacting, with amendments,
22 Article - Insurance
23 Section 27-501(e)
24 Annotated Code of Maryland

1 (1997 Volume and 2001 Supplement)
2 (As enacted by Chapter 576 of the Acts of the General Assembly of 1998)

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

5 **Chapter 576 of the Acts of 1998**

6 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
7 effect October 1, 1998. It shall remain effective for a period of [4] 3 years AND 9
8 MONTHS and, at the end of [September] JUNE 30, 2002, with no further action
9 required by the General Assembly, this Act shall be abrogated and of no further force
10 and effect.

11 **Article - Insurance**

12 27-501.

13 (e) (1) An insurer may not refuse to underwrite a private passenger motor
14 vehicle insurance risk solely because the applicant or named insured previously
15 obtained insurance coverage from any authorized insurer or the Maryland
16 Automobile Insurance Fund.

17 ~~(2) AN INSURER MAY NOT REFUSE TO UNDERWRITE A PROPERTY AND~~
18 ~~CASUALTY INSURANCE RISK OR INCREASE THE PREMIUM BECAUSE OF THE CREDIT~~
19 ~~HISTORY OF THE APPLICANT OR NAMED INSURED.~~

20 (2) AN INSURER MAY NOT USE THE CREDIT HISTORY OF AN APPLICANT
21 OR INSURED, IN WHOLE OR IN PART:

22 (I) TO CANCEL, REFUSE TO RENEW, OR REFUSE TO UNDERWRITE A
23 PERSONAL LINES PROPERTY AND CASUALTY INSURANCE RISK; OR

24 (II) TO RATE A PERSONAL LINES PROPERTY AND CASUALTY
25 INSURANCE RISK IN ANY MANNER, INCLUDING:

26 1. THE PROVISION OR REMOVAL OF A DISCOUNT;

27 2. ASSIGNING THE INSURED OR APPLICANT TO A RATING
28 TIER; OR

29 3. PLACING AN INSURED OR APPLICANT WITH AN
30 AFFILIATED COMPANY.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to
32 all personal lines property and casualty insurance policies and contracts issued,
33 delivered, or renewed on or after July 1, 2002.

34 ~~SECTION 2. 3.~~ AND BE IT FURTHER ENACTED, That this Act shall take
35 effect ~~October 1, 2002~~ July 1, 2002.

