

HOUSE BILL 1002

Unofficial Copy  
C4

2002 Regular Session  
(2r1737)

**ENROLLED BILL**  
-- Economic Matters/Finance --

Introduced by **Delegate Mitchell**

Read and Examined by Proofreaders:

\_\_\_\_\_  
Proofreader.

\_\_\_\_\_  
Proofreader.

Sealed with the Great Seal and presented to the Governor, for his approval this  
\_\_\_\_ day of \_\_\_\_\_ at \_\_\_\_\_ o'clock, \_\_\_\_ M.

\_\_\_\_\_  
Speaker.

CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Motor Vehicle Liability Insurance - Premium Increases - Consumer**  
3 **Information**

4 FOR the purpose of requiring an insurer that provides a private passenger  
5 automobile insurance policy to provide certain information about policy  
6 premiums to a policyholder at certain times; prohibiting an insurer from  
7 requiring a particular payment plan for an insured based on the credit history of  
8 the insured; requiring an insurer that markets private passenger automobile  
9 insurance through ~~independent~~ insurance producers to make a copy of a certain  
10 statement available to its producers; ~~repealing certain provisions of law relating~~  
11 ~~to increases in premiums for motor vehicle liability insurance~~; establishing that  
12 certain errors or the inclusion of certain information in certain notices does not  
13 invalidate the notices under certain circumstances; requiring a certain notice of  
14 a proposed adverse action that is based wholly or partly on a credit score or  
15 information from a credit report to contain certain information; ~~prohibiting~~  
16 ~~certain insurers from increasing a renewal policy premium with respect to~~  
17 ~~motor vehicle liability insurance by a certain percentage unless a certain notice~~

1 is sent to the insured at a certain time; specifying the form and contents of the  
 2 notice; specifying the manner of sending the notice; establishing procedures for  
 3 protesting a renewal policy premium increase; requiring the Maryland  
 4 Insurance Commissioner to take certain actions on receipt of a protest;  
 5 authorizing the Commissioner to adopt certain regulations; ~~prohibiting certain~~  
 6 ~~insurers from increasing a renewal policy premium with respect to motor~~  
 7 ~~vehicle liability insurance by less than a certain percentage unless a certain~~  
 8 ~~notice is sent to the insured; providing that the protest of a certain premium~~  
 9 ~~increase does not stay the proposed premium increase;~~ requiring an insurer to  
 10 return certain disallowed premiums and certain interest on the premiums to an  
 11 insured under certain circumstances; ~~establishing a certain administrative~~  
 12 ~~penalty; defining certain terms;~~ providing for the application of this Act;  
 13 requiring the Commissioner, in consultation with certain insurers, to conduct a  
 14 certain study and make certain recommendations; making this Act contingent  
 15 on the taking effect of another Act; providing for a delayed effective date for  
 16 certain provisions of this Act; and generally relating to premiums for motor  
 17 vehicle liability insurance.

18 BY repealing and reenacting, with amendments,  
 19 Article - Insurance  
 20 Section 11-317  
 21 Annotated Code of Maryland  
 22 (1997 Volume and 2001 Supplement)

23 ~~BY adding to~~  
 24 ~~Article - Insurance~~  
 25 ~~Section 27-605(b)(5) and 27-605.1~~  
 26 ~~Annotated Code of Maryland~~  
 27 ~~(1997 Volume and 2001 Supplement)~~

28 BY adding to  
 29 Article - Insurance  
 30 Section 27-501(e-1)  
 31 Annotated Code of Maryland  
 32 (1997 Volume and 2001 Supplement)

33 BY repealing and reenacting, with amendments,  
 34 Article - Insurance  
 35 Section 27-605  
 36 Annotated Code of Maryland  
 37 (1997 Replacement Volume and 2001 Supplement)  
 38 (As enacted by Section 1 of this Act)

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

**Article - Insurance**

11-317.

(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.

(B) Each insurer that provides a private passenger automobile insurance policy shall provide to the policyholder at the time of issuance or renewal of the policy a statement that:

(1) defines the policyholder's rate classifications; [and]

(2) if the insurer is an authorized insurer includes a summary, in a form approved by the Commissioner, of the insurer's approved surcharge plan or driver record point plan for that policy; AND

(3) INCLUDES A SECTION THAT:

(I) PROVIDES A GENERAL DESCRIPTION OF THE FACTORS, INCLUDING CREDIT INFORMATION IF APPLICABLE, THAT MAY CAUSE OR CONTRIBUTE TO AN INCREASE IN A POLICY PREMIUM;

~~(II) INFORMS THE INSURED OF THE RIGHT TO AN EXPLANATION OF A PREMIUM INCREASE FROM THE INSURER;~~

~~(III) ADVISES THE INSURED THAT AN INSURER MAY NOT CHARGE A PREMIUM UNLESS IT COMPLIES WITH ALL APPLICABLE PROVISIONS OF THIS ARTICLE AND THE INSURER'S RATING PLAN FILED WITH THE COMMISSIONER;~~

~~(IV) INFORMS THE INSURED OF THE RIGHT TO FILE A PROTEST OF A PREMIUM THAT DOES NOT COMPLY WITH ALL APPLICABLE PROVISIONS OF THIS ARTICLE OR THE INSURER'S RATING PLAN FILED WITH THE COMMISSIONER, AND DESCRIBES THE PROCEDURE FOR FILING A PROTEST; AND~~

~~(V) ADVISES THE INSURED OF THE POTENTIAL RIGHT TO EXCLUDE AN OPERATOR FROM COVERAGE UNDER § 27-606 OF THIS ARTICLE.~~

(C) The statement must be sufficiently clear and specific so that an individual of average intelligence can identify the classifications without making further inquiry.

(D) AN INSURER THAT MARKETS PRIVATE PASSENGER AUTOMOBILE INSURANCE THROUGH INDEPENDENT INSURANCE PRODUCERS SHALL MAKE

1 AVAILABLE TO ITS PRODUCERS A COPY OF THE STATEMENT REQUIRED UNDER THIS  
2 SECTION.

3 ~~27-605.~~

4 ~~(b) (5) A NONMATERIAL, TYPOGRAPHICAL, OR GRAMMATICAL ERROR OR~~  
5 ~~THE INCLUSION OF NONMATERIAL INFORMATION IN A NOTICE, AS DETERMINED BY~~  
6 ~~THE COMMISSIONER, DOES NOT INVALIDATE THE NOTICE.~~

7 ~~SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland~~  
8 ~~read as follows:~~

9 ~~Article—Insurance~~

10 ~~27-501.~~

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

14 ~~27-605.~~

15 ~~(A) IN THIS SECTION, "INCREASE IN PREMIUM" AND "PREMIUM INCREASE"~~  
16 ~~INCLUDE AN INCREASE IN THE ENTIRE PREMIUM FOR ANY COVERAGE ON A POLICY~~  
17 ~~DUE TO:~~

18 ~~(1) A SURCHARGE;~~

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

20 ~~(3) REMOVAL OR REDUCTION OF A DISCOUNT.~~

21 ~~(a) (B) (1) Except in accordance with this article, with respect to a policy of~~  
22 ~~motor vehicle liability insurance or a binder of motor vehicle liability insurance, if the~~  
23 ~~binder has been in effect for at least 45 days, issued in the State to any resident of the~~  
24 ~~household of the named insured, an insurer other than the Maryland Automobile~~  
25 ~~Insurance Fund may not:~~

26 ~~(i) cancel or fail to renew the policy or binder for a reason other~~  
27 ~~than nonpayment of premium; OR~~

28 ~~(ii) [increase a THE ENTIRE A premium FOR ANY COVERAGE for~~  
29 ~~any coverage on the policy; or~~

30 ~~(iii)] reduce coverage under the policy.~~

31 ~~(2) Notwithstanding paragraph (1) of this subsection, the requirements~~  
32 ~~of this section do not apply if:~~

1 (i) [the premium increase described in paragraph (1)(ii) of this  
 2 subsection is part of a general increase in premiums approved by the Commissioner  
 3 and does not result from a reclassification of the insured;

4 (ii)} the reduction in coverage described in paragraph {(1)(iii)} ~~(1)(H)~~  
 5 of this subsection is part of a general reduction in coverage approved by the  
 6 Commissioner or satisfies the requirements of Title 19, Subtitle 5 of this article; or

7 {(iii)} ~~(H)~~ the failure to renew the policy takes place under a plan of  
 8 withdrawal that:

9 1. is approved by the Commissioner under § 27-603 of this  
 10 subtitle; and

11 2. provides that each insured affected by the plan of  
 12 withdrawal shall be sent by certificate of mailing at least 45 days before the  
 13 nonrenewal of the policy a written notice that states the date that the policy will be  
 14 nonrenewed and that the nonrenewal is the result of the withdrawal of the insurer  
 15 from the market.

16 ~~(b)~~ (C) (1) At least 45 days before the proposed effective date of the action,  
 17 an insurer that intends to take an action subject to this section must send written  
 18 notice of its proposed action to the insured at the last known address of the insured:

19 (i) for notice of cancellation or nonrenewal, by certified mail; and

20 (ii) for all other notices of actions subject to this section, by  
 21 certificate of mailing.

22 (2) The notice must be in triplicate and on a form approved by the  
 23 Commissioner.

24 (3) The notice must state in clear and specific terms:

25 (i) the proposed action to be taken, including, ~~[-~~:

26 1. for a premium increase, ~~the~~; THE AMOUNT OF THE  
 27 INCREASE AND THE TYPE OF COVERAGE TO WHICH IT IS APPLICABLE;

28 A. THE amount OF THE ENTIRE POLICY PREMIUM;

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

31 C. WHETHER THE INSURED IS REQUIRED TO PAY THE  
 32 PREMIUM INCREASE UPON FILING A PROTEST OF THE INCREASE; of the increase and  
 33 the type of coverage to which it is applicable; and

34 2.} for a reduction in coverage, the type of coverage reduced  
 35 and the extent of the reduction;

- 1 (ii) the proposed effective date of the action;
- 2 (iii) subject to paragraph (4) of this subsection, the actual reason of  
3 the insurer for proposing to take the action;
- 4 (iv) if there is coupled with the notice an offer to continue or renew  
5 the policy in accordance with § 27-606 of this subtitle:
- 6 1. the name of the individual or individuals to be excluded  
7 from coverage; and
- 8 2. the premium amount if the policy is continued or renewed  
9 with the named individual or individuals excluded from coverage;
- 10 (v) the right of the insured to replace the insurance through the  
11 Maryland Automobile Insurance Fund and the current address and telephone number  
12 of the Fund;
- 13 (vi) the right of the insured to protest the proposed action of the  
14 insurer and, except in the case of a premium increase ~~that is consistent with the~~  
15 ~~insurer's surcharge plan as filed with the Commissioner and authorized under the~~  
16 ~~applicable provisions of Title 11 of this article,] OF 15% LESS FOR THE ENTIRE~~  
17 POLICY, request a hearing before the Commissioner on the proposed action by signing  
18 two copies of the notice and sending them to the Commissioner within 30 days after  
19 the mailing date of the notice;
- 20 (vii) EXCEPT FOR A PREMIUM INCREASE OF 15% OR LESS FOR THE  
21 ENTIRE POLICY, that if a protest is filed by the insured, the insurer must maintain the  
22 current insurance in effect until a final determination is made by the Commissioner,  
23 subject to the payment of any authorized premium due or becoming due before the  
24 determination; ~~and~~
- 25 (viii) the authority of the Commissioner to award reasonable  
26 attorney fees to the insured for representation at a hearing if the Commissioner finds  
27 the proposed action of the insurer to be unjustified; AND
- 28 (IX) IF THE PROPOSED ACTION IS BASED WHOLLY OR PARTLY ON A  
29 CREDIT SCORE OR INFORMATION FROM A CREDIT REPORT:
- 30 1. THE NAME, ADDRESS, AND TELEPHONE NUMBER OF THE  
31 CONSUMER REPORTING AGENCY THAT FURNISHED THE CREDIT REPORT TO THE  
32 INSURER, INCLUDING THE TOLL-FREE TELEPHONE NUMBER ESTABLISHED BY THE  
33 AGENCY IF THE AGENCY COMPILES AND MAINTAINS FILES ON CONSUMERS ON A  
34 NATIONWIDE BASIS;
- 35 2. THAT THE CONSUMER REPORTING AGENCY DID NOT  
36 MAKE THE DECISION TO TAKE THE PROPOSED ACTION AND IS UNABLE TO PROVIDE  
37 THE INSURED THE SPECIFIC REASONS WHY THE ACTION IS PROPOSED TO BE TAKEN;

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

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

9                   (4)   (i)       The insurer's statement of actual reason for proposing to take  
10 an action subject to this section must be sufficiently clear and specific so that an  
11 individual of average intelligence can identify the basis for the insurer's decision  
12 without making further inquiry.

13                               (ii)       The use of generalized terms such as "personal habits", "living  
14 conditions", "poor morals", or "violation or accident record" does not meet the  
15 requirements of this paragraph.

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

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

21                                    2. SURPLUS INFORMATION, PROVIDED THAT THE SURPLUS  
22 INFORMATION IS NONMATERIAL AND NOT MISLEADING.

23                               ~~(5) A nonmaterial, typographical, or grammatical error or the inclusion~~  
24 ~~of nonmaterial information in a notice, as determined by the Commissioner, does not~~  
25 ~~invalidate the notice.~~

26       ~~(e)~~    (D)       At least 10 days before the date an insurer proposes to cancel a policy  
27 for nonpayment of premium, the insurer shall cause to be sent to the insured, by  
28 certificate of mailing, a written notice of intention to cancel for nonpayment of  
29 premium.

30       ~~(d)~~    (E)       A statement of actual reason contained in the notice given under  
31 subsection ~~(b)~~ (C) of this section is privileged and does not constitute grounds for an  
32 action against the insurer, its representatives, or another person that in good faith  
33 provides to the insurer information on which the statement is based.

34       ~~(e)~~    (F)       (1)       This subsection does not apply to an action of an insurer taken  
35 under subsection ~~(e)~~ (D) of this section.

36                   (2)       An insured may protest a proposed action of the insurer under this  
37 section by signing two copies of the notice and sending them to the Commissioner  
38 within 30 days after the mailing date of the notice.

1 (3) On receipt of a protest, the Commissioner shall notify the insurer of  
2 the filing of the protest.

3 (4) ~~A~~ EXCEPT FOR A PREMIUM INCREASE OF 15% OR LESS FOR THE  
4 ENTIRE POLICY, A protest filed with the Commissioner stays the proposed action of  
5 the insurer pending a final determination by the Commissioner.

6 (5) ~~{(i)}~~ ~~The~~ EXCEPT FOR A PREMIUM INCREASE OF 15% OR LESS FOR  
7 THE ENTIRE POLICY, THE insurer shall maintain in effect the same coverage and  
8 premium that were in effect on the day the notice of proposed action was sent to the  
9 insured until a final determination is made, subject to the payment of any authorized  
10 premium due or becoming due before the determination.

11 ~~{(ii)}~~ In the case of a premium increase, a dismissal of the protest OR  
12 DISALLOWANCE OF THE PREMIUM INCREASE is deemed to be a final determination of  
13 the Commissioner 20 days after the mailing date of the Commissioner's notice of  
14 action.}

15 ~~(F)~~ (G) (1) Based on the information contained in the notice, the  
16 Commissioner:

17 (i) shall determine whether the protest by the insured has merit;  
18 and

19 (ii) either shall dismiss the protest or disallow the proposed action  
20 of the insurer.

21 (2) The Commissioner shall notify the insurer and the insured of the  
22 action of the Commissioner promptly in writing.

23 (3) Subject to paragraph (4) of this subsection, within 30 days after the  
24 mailing date of the Commissioner's notice of action, the aggrieved party may request  
25 a hearing.

26 (4) ~~{~~Except in the case of a premium increase ~~that is consistent with the~~  
27 ~~insurer's surcharge plan as filed with the Commissioner and authorized under the~~  
28 ~~applicable provisions of Title 11 of this article, OF 15% OR LESS FOR THE ENTIRE~~  
29 POLICY ~~the~~ ~~THE~~ Commissioner shall:

30 (i) hold a hearing within a reasonable time after the request for a  
31 hearing; and

32 (ii) give written notice of the time and place of the hearing at least  
33 10 days before the hearing.

34 (5) A hearing held under this subsection shall be conducted in  
35 accordance with Title 10, Subtitle 2 of the State Government Article.

1 (6) At the hearing the insurer has the burden of proving its proposed  
 2 action to be justified and, in doing so, may rely only on the reasons set forth in its  
 3 notice to the insured.

4 ~~(g)~~ (H) (1) The Commissioner shall issue an order within 30 days after the  
 5 conclusion of the hearing.

6 (2) If the Commissioner finds the proposed action of the insurer to be  
 7 justified, the Commissioner shall:

8 (i) dismiss the protest; and

9 (ii) allow the proposed action to be taken on the later of:

10 1. its proposed effective date; and

11 2. 30 days after the date of the determination.

12 (3) If the Commissioner finds the proposed action to be unjustified, the  
 13 Commissioner:

14 (i) shall disallow the action; and

15 (ii) may order the insurer to pay reasonable attorney fees incurred  
 16 by the insured for representation at the hearing as the Commissioner considers  
 17 appropriate.

18 ~~(h)~~ (I) The Commissioner may delegate the powers and duties of the  
 19 Commissioner under this section to one or more employees or hearing examiners.

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

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

25 (II) PAY TO THE INSURED INTEREST ON THE DISALLOWED  
 26 PREMIUM RECEIVED FROM THE INSURED CALCULATED AT 10% PER ANNUM FROM  
 27 THE DATE THE DISALLOWED PREMIUM WAS RECEIVED TO THE DATE THE  
 28 DISALLOWED PREMIUM WAS RETURNED.

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

33 ~~(i)~~ (K) A party to a proceeding under this section may appeal the decision of  
 34 the Commissioner in accordance with § 2-215 of this article.

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

4 (1) CAUSED OR REQUESTED BY INSURED; OR

5 (2) CAUSED BY THE LOSS OF DISCOUNTS EXCEPT FOR PREMIUM  
 6 INCREASES DUE TO:

7 (1) AN ACCIDENT;

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

10 (3) THE CLAIMS HISTORY OF THE INSURED;

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

12 (5) A RETIERING OF THE INSURED; OR

13 (6) A SURCHARGE.

14 ~~27-605.1.~~

15 ~~(A) (1) EXCEPT IN ACCORDANCE WITH THIS SUBSECTION AND EXCEPT AS~~  
 16 ~~PROVIDED IN SUBSECTION (C) OF THIS SECTION, WITH RESPECT TO A POLICY OF~~  
 17 ~~MOTOR VEHICLE LIABILITY INSURANCE OR A BINDER OF MOTOR VEHICLE LIABILITY~~  
 18 ~~INSURANCE, IF THE BINDER HAS BEEN IN EFFECT FOR AT LEAST 45 DAYS, ISSUED IN~~  
 19 ~~THE STATE TO ANY RESIDENT OF THE HOUSEHOLD OF THE NAMED INSURED, AN~~  
 20 ~~INSURER OTHER THAN THE MARYLAND AUTOMOBILE INSURANCE FUND MAY NOT~~  
 21 ~~INCREASE A RENEWAL POLICY PREMIUM BY 20% OR MORE.~~

22 ~~(2) (1) AT LEAST 45 DAYS BEFORE THE EFFECTIVE DATE OF THE~~  
 23 ~~PROPOSED RENEWAL POLICY PREMIUM INCREASE, THE INSURER MUST SEND BY~~  
 24 ~~CERTIFICATE OF MAILING WRITTEN NOTICE OF THE PROPOSED RENEWAL POLICY~~  
 25 ~~PREMIUM INCREASE TO THE INSURED AT THE LAST KNOWN ADDRESS OF THE~~  
 26 ~~INSURED.~~

27 ~~(H) THE NOTICE MUST:~~

28 ~~1. BE IN TRIPLICATE AND ON A FORM APPROVED BY THE~~  
 29 ~~COMMISSIONER;~~

30 ~~2. STATE IN CLEAR AND SPECIFIC TERMS THE REASON FOR~~  
 31 ~~THE RENEWAL POLICY PREMIUM INCREASE;~~

32 ~~3. PROVIDE A TOLL FREE TELEPHONE NUMBER FOR THE~~  
 33 ~~INSURED TO CONTACT A REPRESENTATIVE OF THE INSURER TO REQUEST~~  
 34 ~~INFORMATION ABOUT THE RENEWAL POLICY PREMIUM INCREASE;~~

1                                   4.     ~~ADVISE THE INSURED THAT GENERAL RATE~~  
2 ~~INFORMATION REGARDING PRIVATE PASSENGER AUTOMOBILE INSURANCE IS~~  
3 ~~AVAILABLE FROM THE COMMISSIONER;~~

4                                   5.     ~~NOTIFY THE INSURED OF THE RIGHT TO PROTEST A~~  
5 ~~RENEWAL POLICY PREMIUM INCREASE THAT THE INSURED BELIEVES IS INCORRECT,~~  
6 ~~AND DESCRIBE THE PROCEDURE FOR FILING A PROTEST;~~

7                                   6.     ~~REQUIRE THE INSURED TO PAY ALL PREMIUMS WHEN~~  
8 ~~DUE, EXCEPT ANY RENEWAL POLICY PREMIUM INCREASE OF 20% OR MORE THAT IS~~  
9 ~~THE SUBJECT OF A PROTEST UNDER THIS SECTION; AND~~

10                                  7.     ~~PROVIDE THE NAME, ADDRESS, AND TELEPHONE~~  
11 ~~NUMBER OF THE COMMISSIONER.~~

12                                  (HI)   ~~A NONMATERIAL, TYPOGRAPHICAL, OR GRAMMATICAL ERROR~~  
13 ~~OR THE INCLUSION OF NONMATERIAL INFORMATION IN A NOTICE, AS DETERMINED~~  
14 ~~BY THE COMMISSIONER, DOES NOT INVALIDATE THE NOTICE.~~

15                                  (3)   (1)   ~~AN INSURED MAY PROTEST THE RENEWAL POLICY PREMIUM~~  
16 ~~INCREASE THAT IS THE SUBJECT OF THE NOTICE BY SENDING A WRITTEN PROTEST~~  
17 ~~TO THE COMMISSIONER WITHIN 30 DAYS AFTER THE MAILING DATE OF THE NOTICE.~~

18                                  (II)   ~~A PROTEST SHALL BE IN WRITING, BE SIGNED BY THE INSURED,~~  
19 ~~AND STATE THE REASONS WHY THE INSURED BELIEVES THE RENEWAL POLICY~~  
20 ~~PREMIUM INCREASE IS INCORRECT.~~

21                                  (HII)   ~~A PROTEST MAY BE WRITTEN ON A COPY OF THE NOTICE.~~

22                                  (IV)   ~~EXCEPT AS PROVIDED IN PARAGRAPH (4)(IV) OF THIS~~  
23 ~~SUBSECTION, THE FILING OF A PROTEST DOES NOT RELIEVE THE INSURED OF THE~~  
24 ~~OBLIGATION TO PAY ANY PREMIUM THAT IS DUE.~~

25                                  (4)   (1)   ~~ON RECEIPT OF A PROTEST, THE COMMISSIONER SHALL~~  
26 ~~NOTIFY THE INSURER OF THE FILING OF THE PROTEST.~~

27                                  (II)   ~~ON NOTIFICATION OF THE FILING OF A PROTEST, THE INSURER~~  
28 ~~SHALL:~~

29                                   1.     ~~RECALCULATE THE RENEWAL POLICY PREMIUM; AND~~

30                                   2.     ~~PROVIDE TO THE COMMISSIONER A WRITTEN DOCUMENT~~  
31 ~~THAT EXPLAINS THE RECALCULATION, INCLUDING ALL FACTORS FROM THE~~  
32 ~~INSURER'S RATING PLAN USED TO CALCULATE THE INCREASED RENEWAL POLICY~~  
33 ~~PREMIUM.~~

34                                  (HII)   ~~THE COMMISSIONER MAY REQUEST ANY ADDITIONAL~~  
35 ~~INFORMATION FROM THE INSURED OR THE INSURER NECESSARY TO RESOLVE THE~~  
36 ~~PROTEST.~~

1                   (IV)    A RENEWAL POLICY PREMIUM INCREASE OF 20% OR MORE  
2 THAT IS THE SUBJECT OF A PROTEST MAY NOT BE CHARGED BY THE INSURER UNTIL  
3 A FINAL DETERMINATION IS MADE BY THE COMMISSIONER.

4                   (5)    (I)     ON RECEIPT OF ALL REQUESTED INFORMATION, THE  
5 COMMISSIONER SHALL EITHER DISMISS THE PROTEST OR DISALLOW THE RENEWAL  
6 POLICY PREMIUM INCREASE.

7                   (H)     DISMISSAL OF A PROTEST OR A DISALLOWANCE OF A RENEWAL  
8 POLICY PREMIUM INCREASE IS A FINAL DETERMINATION OF THE COMMISSIONER.

9                   (6)     THE COMMISSIONER MAY ADOPT REGULATIONS TO EXEMPT  
10 RENEWAL POLICY PREMIUM INCREASES FROM THE PROVISIONS OF THIS  
11 SUBSECTION, INCLUDING RENEWAL POLICY PREMIUM INCREASES CAUSED BY THE  
12 LOSS OF DISCOUNTS.

13                  (B)    (I)     EXCEPT IN ACCORDANCE WITH THIS SUBSECTION AND EXCEPT AS  
14 PROVIDED IN SUBSECTION (C) OF THIS SECTION, WITH RESPECT TO A POLICY OF  
15 MOTOR VEHICLE LIABILITY INSURANCE OR A BINDER OF MOTOR VEHICLE LIABILITY  
16 INSURANCE, IF THE BINDER HAS BEEN IN EFFECT FOR AT LEAST 45 DAYS, ISSUED IN  
17 THE STATE TO ANY RESIDENT OF THE HOUSEHOLD OF THE NAMED INSURED, AN  
18 INSURER OTHER THAN THE MARYLAND AUTOMOBILE INSURANCE FUND MAY NOT  
19 INCREASE A RENEWAL POLICY PREMIUM BY LESS THAN 20%.

20                  (2)    (I)     THE INSURER SHALL SEND WRITTEN NOTICE OF THE  
21 PROPOSED RENEWAL POLICY PREMIUM INCREASE TO THE INSURED AT THE LAST  
22 KNOWN ADDRESS OF THE INSURED.

23                         (H)     A NOTICE OF RENEWAL PREMIUM DUE REQUIRED BY § 27-607  
24 OF THIS SUBTITLE SHALL BE DEEMED TO SATISFY THE REQUIREMENTS OF  
25 SUBPARAGRAPH (I) OF THIS PARAGRAPH.

26                  (3)    (I)     AN INSURED MAY PROTEST THE RENEWAL POLICY PREMIUM  
27 INCREASE THAT IS THE SUBJECT OF THE NOTICE BY SENDING A WRITTEN PROTEST  
28 TO THE COMMISSIONER WITHIN 30 DAYS AFTER THE MAILING DATE OF THE NOTICE.

29                         (H)     A PROTEST SHALL BE IN WRITING, BE SIGNED BY THE INSURED,  
30 AND STATE THE REASONS WHY THE INSURED BELIEVES THE RENEWAL POLICY  
31 PREMIUM INCREASE IS INCORRECT.

32                  (4)    (I)     NOT MORE THAN 30 DAYS FOLLOWING THE DISALLOWANCE OF  
33 A RENEWAL POLICY PREMIUM INCREASE BY THE COMMISSIONER, AN INSURER  
34 SHALL RETURN ALL DISALLOWED PREMIUMS RECEIVED FROM THE INSURED,  
35 TOGETHER WITH SIMPLE INTEREST ON THE DISALLOWED PREMIUMS CALCULATED  
36 AT 10% PER ANNUM.

37                         (H)     IF AN INSURER FAILS TO RETURN ANY DISALLOWED  
38 PREMIUMS, OR FAILS TO PAY INTEREST TO AN INSURED UNDER SUBPARAGRAPH (I)  
39 OF THIS PARAGRAPH, THE COMMISSIONER MAY IMPOSE ON THE INSURER AN  
40 ADMINISTRATIVE PENALTY OF NOT LESS THAN \$100 AND NOT MORE THAN \$500.

1 ~~(C) THE REQUIREMENTS OF SUBSECTIONS (A) AND (B) OF THIS SECTION DO~~  
2 ~~NOT APPLY TO A RENEWAL POLICY PREMIUM INCREASE THAT:~~

3 ~~(1) IS PART OF A GENERAL INCREASE IN PREMIUMS FILED WITH THE~~  
4 ~~COMMISSIONER; OR~~

5 ~~(2) RESULTS FROM A CHANGE IN THE POLICY CAUSED BY THE INSURED.~~

6 ~~SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall~~  
7 ~~take effect October 1, 2002, and shall apply to motor vehicle liability insurance~~  
8 ~~policies issued or renewed on or after that date.~~

9 ~~SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall~~  
10 ~~take effect January 1, 2003, and shall apply to motor vehicle liability insurance~~  
11 ~~policies issued or renewed on or after that date.~~

12 ~~SECTION 5. AND BE IT FURTHER ENACTED, That, except as provided in~~  
13 ~~Section 4 of this Act, this Act shall take effect October 1, 2002.~~

14 SECTION 2. AND BE IT FURTHER ENACTED, That Section 1 of this Act  
15 applies to all cancellations of, failures to renew, increases in premium for, and  
16 reductions in coverage under a policy of motor vehicle liability insurance that are  
17 effective on or after ~~October 1, 2002~~ January 1, 2003.

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

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

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

25 SECTION 4. AND BE IT FURTHER ENACTED, That:

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

31 (b) the study may examine:

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

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

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

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

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

10     ~~SECTION 5.~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take  
11 effect October 1, 2002, contingent on the taking effect of Chapter \_\_\_\_\_ (H.B. 521) of  
12 the Acts of the General Assembly of 2002. If Chapter \_\_\_\_\_ (H.B. 521) does not become  
13 effective, this Act shall be null and void without the necessity of further action by the  
14 General Assembly.