
By: **Delegate Mitchell**

Introduced and read first time: February 8, 2002

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 24, 2002

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; requiring an insurer that markets
7 private passenger automobile insurance through ~~independent~~ insurance
8 producers to make a copy of a certain statement available to its producers;
9 ~~repealing certain provisions of law relating to increases in premiums for motor~~
10 ~~vehicle liability insurance~~; establishing that certain errors or the inclusion of
11 certain information in certain notices does not invalidate the notices under
12 certain circumstances; requiring a certain notice of a proposed adverse action
13 that is based wholly or partly on a credit score or information from a credit
14 report to contain certain information; ~~prohibiting certain insurers from~~
15 ~~increasing a renewal policy premium with respect to motor vehicle liability~~
16 ~~insurance by a certain percentage unless a certain notice is sent to the insured~~
17 ~~at a certain time~~; specifying the form and contents of the notice; specifying the
18 manner of sending the notice; establishing procedures for protesting a renewal
19 policy premium increase; ~~requiring the Maryland Insurance Commissioner to~~
20 ~~take certain actions on receipt of a protest~~; authorizing the Commissioner to
21 adopt certain regulations; ~~prohibiting certain insurers from increasing a~~
22 ~~renewal policy premium with respect to motor vehicle liability insurance by less~~
23 ~~than a certain percentage unless a certain notice is sent to the insured~~;
24 providing that the protest of a certain premium increase does not stay the
25 proposed premium increase; requiring an insurer to return certain disallowed
26 premiums and certain interest on the premiums to an insured under certain
27 circumstances; ~~establishing a certain administrative penalty~~; defining certain
28 terms; providing for the application of this Act; requiring the Commissioner, in

1 consultation with certain insurers, to conduct a certain study and make certain
 2 recommendations; making this Act contingent on the taking effect of another
 3 Act; providing for a delayed effective date for certain provisions of this Act; and
 4 generally relating to premiums for motor vehicle liability insurance.

5 BY repealing and reenacting, with amendments,
 6 Article - Insurance
 7 Section 11-317
 8 Annotated Code of Maryland
 9 (1997 Volume and 2001 Supplement)

10 ~~BY adding to~~
 11 ~~Article - Insurance~~
 12 ~~Section 27-605(b)(5) and 27-605.1~~
 13 ~~Annotated Code of Maryland~~
 14 ~~(1997 Volume and 2001 Supplement)~~

15 BY repealing and reenacting, with amendments,
 16 Article - Insurance
 17 Section 27-605
 18 Annotated Code of Maryland
 19 (1997 Replacement Volume and 2001 Supplement)
 20 (~~As enacted by Section 1 of this Act~~)

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

23 **Article - Insurance**

24 11-317.

25 (A) IN THIS SECTION, "INCREASE IN A POLICY PREMIUM" INCLUDES AN
 26 INCREASE IN PREMIUM DUE TO:

27 (1) A SURCHARGE;

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

29 (3) REMOVAL OR REDUCTION OF A DISCOUNT.

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

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

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

4 (3) INCLUDES A SECTION THAT:

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

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

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

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

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

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

22 (C) (D) AN INSURER THAT MARKETS PRIVATE PASSENGER AUTOMOBILE
 23 INSURANCE THROUGH INDEPENDENT INSURANCE PRODUCERS SHALL MAKE
 24 AVAILABLE TO ITS PRODUCERS A COPY OF THE STATEMENT REQUIRED UNDER THIS
 25 SECTION.

26 ~~27-605.~~

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

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

32 **~~Article—Insurance~~**

33 ~~27-605.~~

34 (A) IN THIS SECTION, "INCREASE IN PREMIUM" AND "PREMIUM INCREASE"
 35 INCLUDE AN INCREASE IN THE ENTIRE PREMIUM ON A POLICY DUE TO:

- 1 (1) A SURCHARGE;
 2 (2) RETIERING OR OTHER RECLASSIFICATION OF AN INSURED; AND
 3 (3) REMOVAL OR REDUCTION OF A DISCOUNT.

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

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

11 (ii) ~~{increase a~~ THE ENTIRE premium ~~for any coverage~~ on the
 12 policy; or

13 (iii)} reduce coverage under the policy.

14 (2) Notwithstanding paragraph (1) of this subsection, the requirements
 15 of this section do not apply if:

16 (i) ~~{the premium increase described in paragraph (1)(ii) of this~~
 17 subsection is part of a general increase in premiums approved by the Commissioner
 18 and does not result from a reclassification of the insured;

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

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

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

26 2. provides that each insured affected by the plan of
 27 withdrawal shall be sent by certificate of mailing at least 45 days before the
 28 nonrenewal of the policy a written notice that states the date that the policy will be
 29 nonrenewed and that the nonrenewal is the result of the withdrawal of the insurer
 30 from the market.

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

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

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

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

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

4 (i) the proposed action to be taken, including, ~~and~~:

5 1. for a premium increase, ~~the~~:

6 A. THE amount OF THE ENTIRE POLICY PREMIUM;

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

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

12 2. for a reduction in coverage, the type of coverage reduced
13 and the extent of the reduction;

14 (ii) the proposed effective date of the action;

15 (iii) subject to paragraph (4) of this subsection, the actual reason of
16 the insurer for proposing to take the action;

17 (iv) if there is coupled with the notice an offer to continue or renew
18 the policy in accordance with § 27-606 of this subtitle:

19 1. the name of the individual or individuals to be excluded
20 from coverage; and

21 2. the premium amount if the policy is continued or renewed
22 with the named individual or individuals excluded from coverage;

23 (v) the right of the insured to replace the insurance through the
24 Maryland Automobile Insurance Fund and the current address and telephone number
25 of the Fund;

26 (vi) the right of the insured to protest the proposed action of the
27 insurer and, except in the case of a premium increase that is consistent with the
28 insurer's surcharge plan as filed with the Commissioner and authorized under the
29 applicable provisions of Title 11 of this article, request a hearing before the
30 Commissioner on the proposed action by signing two copies of the notice and sending
31 them to the Commissioner within 30 days after the mailing date of the notice;

32 (vii) EXCEPT FOR A PREMIUM INCREASE OF 15% OR LESS FOR THE
33 ENTIRE POLICY, that if a protest is filed by the insured, the insurer must maintain the
34 current insurance in effect until a final determination is made by the Commissioner,
35 subject to the payment of any authorized premium due or becoming due before the
36 determination; ~~and~~

1 (viii) the authority of the Commissioner to award reasonable
 2 attorney fees to the insured for representation at a hearing if the Commissioner finds
 3 the proposed action of the insurer to be unjustified; AND

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

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

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

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

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

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

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

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

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

34 2. SURPLUS INFORMATION, PROVIDED THAT THE SURPLUS
 35 INFORMATION IS NONMATERIAL AND NOT MISLEADING.

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

1 ~~(C)~~ (D) At least 10 days before the date an insurer proposes to cancel a policy
2 for nonpayment of premium, the insurer shall cause to be sent to the insured, by
3 certificate of mailing, a written notice of intention to cancel for nonpayment of
4 premium.

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

9 ~~(C)~~ (F) (1) This subsection does not apply to an action of an insurer taken
10 under subsection ~~(C)~~ (D) of this section.

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

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

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

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

24 ~~(i)~~ In the case of a premium increase, a dismissal of the protest is
25 deemed to be a final determination of the Commissioner 20 days after the mailing
26 date of the Commissioner's notice of action.}

27 ~~(D)~~ (G) (1) Based on the information contained in the notice, the
28 Commissioner:

29 (i) shall determine whether the protest by the insured has merit;
30 and

31 (ii) either shall dismiss the protest or disallow the proposed action
32 of the insurer.

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

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

1 (4) ~~¶~~Except in the case of a premium increase that is consistent with the
2 insurer's surcharge plan as filed with the Commissioner and authorized under the
3 applicable provisions of Title 11 of this article, the ~~THE~~ Commissioner shall:

4 (i) hold a hearing within a reasonable time after the request for a
5 hearing; and

6 (ii) give written notice of the time and place of the hearing at least
7 10 days before the hearing.

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

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

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

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

17 (i) dismiss the protest; and

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

19 1. its proposed effective date; and

20 2. 30 days after the date of the determination.

21 (3) If the Commissioner finds the proposed action to be unjustified, the
22 Commissioner:

23 (i) shall disallow the action; and

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

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

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

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

1 (II) PAY TO THE INSURED INTEREST ON THE DISALLOWED
 2 PREMIUM RECEIVED FROM THE INSURED CALCULATED AT 10% PER ANNUM FROM
 3 THE DATE THE DISALLOWED PREMIUM WAS RECEIVED TO THE DATE THE
 4 DISALLOWED PREMIUM WAS RETURNED.

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

9 (⊕) (K) A party to a proceeding under this section may appeal the decision of
 10 the Commissioner in accordance with § 2-215 of this article.

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

14 (1) CAUSED OR REQUESTED BY INSUREDS; OR

15 (2) CAUSED BY THE LOSS OF DISCOUNTS.

16 ~~27-605.1.~~

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

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

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

30 ~~1. BE IN TRIPLICATE AND ON A FORM APPROVED BY THE~~
 31 ~~COMMISSIONER;~~

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

34 ~~3. PROVIDE A TOLL FREE TELEPHONE NUMBER FOR THE~~
 35 ~~INSURED TO CONTACT A REPRESENTATIVE OF THE INSURER TO REQUEST~~
 36 ~~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 (III) ~~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 (III) ~~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.

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. 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.