
By: **Delegate Krysiak**

Introduced and read first time: February 11, 2002

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Proposed Premium Increase - Protest**

3 FOR the purpose of authorizing certain insureds to protest a certain insurance policy
4 premium increase in a certain manner; altering the form of the notice of
5 premium increase that must be sent; providing that a protest stays a certain
6 premium increase and coverage level for a certain period of time; requiring the
7 Insurance Commissioner to notify a certain insurer under certain
8 circumstances; providing that certain action by the Insurance Commissioner
9 constitutes a final determination under certain circumstances; requiring the
10 Insurance Commissioner to make a certain determination and take certain
11 action based on certain information; requiring the Insurance Commissioner to
12 provide certain written notice; and generally relating to insurance policy
13 premium increases.

14 BY repealing and reenacting, without amendments,
15 Article - Insurance
16 Section 27-501(f)
17 Annotated Code of Maryland
18 (1997 Volume and 2001 Supplement)

19 BY repealing and reenacting, with amendments,
20 Article - Insurance
21 Section 27-604
22 Annotated Code of Maryland
23 (1997 Volume and 2001 Supplement)

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

1 **Article - Insurance**

2 27-501.

3 (f) In the case of cancellation of or refusal to renew a policy, the policy remains
4 in effect until a finding is issued under § 27-505 of this subtitle if:

5 (1) the insured asks the Commissioner to review the cancellation or
6 refusal to renew before the effective date of the termination of the policy; and

7 (2) the Commissioner begins action to issue a finding under § 27-505 of
8 this subtitle.

9 27-604.

10 (a) This section does not apply to:

11 (1) life insurance;

12 (2) health insurance;

13 (3) motor vehicle liability insurance issued to a resident of a household
14 in the State as set forth in § 27-605 of this subtitle;

15 (4) surety insurance;

16 (5) insurance written or issued by the Maryland Automobile Insurance
17 Fund; or

18 (6) an insurer that satisfies the Commissioner that it cannot reasonably
19 comply with the notice requirement in connection with certain risks or lines of
20 business.

21 (b) Whenever an insurer intends to increase a premium for a particular policy
22 written in the State by 20% or more, the insurer shall notify the insured and
23 insurance producer of the increase.

24 (c) (1) The notice shall be sent by first-class mail to the insured and
25 insurance producer at least 45 days before the effective date of the proposed premium
26 increase.

27 (2) THE NOTICE SHALL BE IN TRIPLICATE AND ON A FORM APPROVED
28 BY THE COMMISSIONER.

29 (D) (1) AN INSURED MAY PROTEST A PROPOSED ACTION OF THE INSURER
30 UNDER THIS SECTION BY SIGNING TWO COPIES OF THE NOTICE AND SENDING THEM
31 TO THE COMMISSIONER WITHIN 30 DAYS AFTER THE MAILING DATE OF THE NOTICE.

32 (2) ON RECEIPT OF A PROTEST, THE COMMISSIONER SHALL NOTIFY THE
33 INSURER OF THE FILING OF THE PROTEST.

1 (3) A PROTEST FILED WITH THE COMMISSIONER STAYS THE PROPOSED
2 ACTION OF THE INSURER PENDING A FINAL DETERMINATION BY THE
3 COMMISSIONER.

4 (4) (I) THE INSURER SHALL MAINTAIN IN EFFECT THE SAME
5 COVERAGE AND PREMIUM THAT WERE IN EFFECT ON THE DAY THE NOTICE OF
6 PROPOSED ACTION WAS SENT TO THE INSURED UNTIL A FINAL DETERMINATION IS
7 MADE, SUBJECT TO THE PAYMENT OF ANY AUTHORIZED PREMIUM DUE OR
8 BECOMING DUE BEFORE THE DETERMINATION.

9 (II) A DISMISSAL OF THE PROTEST IS DEEMED TO BE A FINAL
10 DETERMINATION OF THE COMMISSIONER 20 DAYS AFTER THE MAILING DATE OF THE
11 COMMISSIONER'S NOTICE OF ACTION.

12 (E) (1) BASED ON THE INFORMATION CONTAINED IN THE NOTICE, THE
13 COMMISSIONER:

14 (I) SHALL DETERMINE WHETHER THE PROTEST BY THE INSURED
15 HAS MERIT; AND

16 (II) EITHER SHALL DISMISS THE PROTEST OR DISALLOW THE
17 PROPOSED ACTION OF THE INSURER.

18 (2) THE COMMISSIONER SHALL NOTIFY THE INSURER AND THE
19 INSURED OF THE ACTION OF THE COMMISSIONER PROMPTLY IN WRITING.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2002.