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By: **Chairman, Finance Committee (Departmental - Insurance Administration, Maryland)**
Introduced and read first time: January 15, 2002
Assigned to: Finance

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Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: February 26, 2002

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CHAPTER_____

1 AN ACT concerning

2   **Homeowner's Insurance and Private Passenger Motor Vehicle Insurance -**
3   **Standards for Cancellation and Nonrenewal - Repeal of Sunset and Credit**
4   **History**

5 FOR the purpose of prohibiting an insurer from refusing to underwrite a
6   homeowner's insurance risk solely because of the credit history of the applicant
7   or named insured; prohibiting an insurer from cancelling or amending a written
8   agreement with an independent insurance producer because of the credit history
9   of an applicant or named insured; repealing a certain termination provision for
10   certain standards for underwriting private passenger motor vehicle insurance
11   and for the authority of certain insurers to request a certain finding by the
12   Insurance Commissioner regarding confidential commercial information;
13   requiring the Insurance Commissioner to conduct a certain study and report to
14   the Governor and the General Assembly on or before a certain date; and
15   generally relating to standards for underwriting private passenger motor
16   vehicle insurance and homeowner's insurance.

17 BY repealing and reenacting, ~~with~~ without amendments,
18   Article - Insurance
19   Section 27-501(d)(2)
20   Annotated Code of Maryland
21   (1997 Volume and 2001 Supplement)

22 BY repealing and reenacting, ~~without~~ with amendments,
23   Article - Insurance
24   Section 27-501(e)

1   Annotated Code of Maryland
2   (1997 Volume and 2001 Supplement)

3 BY repealing and reenacting, with amendments,
4   Chapter 576 of the Acts of the General Assembly of 1998
5   Section 3

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

8   **Article - Insurance**

9 27-501.

10   (d)   (2)   With respect to homeowner's insurance, an insurer may not:

11   (i)   cancel, refuse to renew, or otherwise terminate coverage for a
12 homeowner's insurance risk because of a claim that occurred more than 3 years before
13 the effective date of the policy or renewal; [or]

14   (ii)   refuse to underwrite a homeowner's insurance risk because of a
15 claim that occurred more than 3 years before the date of [application] APPLICATION;
16 ~~OR~~

17   ~~(III)   REFUSE TO UNDERWRITE A HOMEOWNER'S INSURANCE RISK~~
18 ~~SOLELY BECAUSE OF THE CREDIT HISTORY OF THE APPLICANT OR NAMED INSURED~~.

19   (e)   (1)   An insurer may not refuse to underwrite a private passenger motor
20 vehicle insurance risk solely:

21   ~~(1)~~   (I)   because the applicant or named insured previously obtained
22 insurance coverage from any authorized insurer or the Maryland Automobile
23 Insurance Fund; or

24   ~~(2)~~   (II)   because of the credit history of the applicant or named insured.

25   (2)   WITH RESPECT TO HOMEOWNER'S INSURANCE, AN INSURER MAY
26 NOT REFUSE TO UNDERWRITE A HOMEOWNER'S INSURANCE RISK SOLELY BECAUSE
27 OF THE CREDIT HISTORY OF THE APPLICANT OR NAMED INSURED.

28   (3)   AN INSURER MAY NOT CANCEL OR AMEND A WRITTEN AGREEMENT
29 WITH AN INDEPENDENT INSURANCE PRODUCER BECAUSE OF THE CREDIT HISTORY
30 OF AN APPLICANT OR NAMED INSURED.

31   **Chapter 576 of the Acts of 1998**

32   SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take
33 effect October 1, 1998. [It shall remain effective for a period of 4 years and, at the end

1 of September 30, 2002, with no further action required by the General Assembly, this
2 Act shall be abrogated and of no further force and effect.]

3   SECTION 2. AND BE IT FURTHER ENACTED, That the Insurance
4 Commissioner shall conduct a study on the use of credit history with respect to
5 homeowner's insurance and private passenger motor vehicle insurance and submit a
6 report on or before January 1, 2003 on the results of the study to the Governor and,
7 subject to § 2-1246 of the State Government Article, the General Assembly.

8   SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take
9 effect July 1, 2002.