

SENATE BILL 605

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C4

2002 Regular Session  
2lr2467  
CF 2lr1737

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By: **Senator Kelley**  
Introduced and read first time: February 1, 2002  
Assigned to: Finance

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Committee Report: Favorable with amendments  
Senate action: Adopted  
Read second time: April 6, 2002

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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~~  
18 ~~is sent to the insured at a certain time~~; ~~specifying the form and contents of the~~  
19 ~~notice~~; ~~specifying the manner of sending the notice~~; ~~establishing procedures for~~  
20 ~~protesting a renewal policy premium increase~~; ~~requiring the Maryland~~  
21 ~~Insurance Commissioner to take certain actions on receipt of a protest~~;  
22 authorizing the Commissioner to adopt certain regulations; ~~prohibiting certain~~  
23 ~~insurers from increasing a renewal policy premium with respect to motor~~  
24 ~~vehicle liability insurance by less than a certain percentage unless a certain~~  
25 ~~notice is sent to the insured~~; providing that the protest of a certain premium  
26 increase does not stay the proposed premium increase; requiring an insurer to  
27 return certain disallowed premiums and certain interest on the premiums to an  
28 insured under certain circumstances; ~~establishing a certain administrative~~

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

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

12 ~~BY adding to~~  
 13 ~~Article - Insurance~~  
 14 ~~Section 27-605(b)(5) and 27-605.1~~  
 15 ~~Annotated Code of Maryland~~  
 16 ~~(1997 Volume and 2001 Supplement)~~

17 BY adding to  
 18 Article - Insurance  
 19 Section 27-501(e-1)  
 20 Annotated Code of Maryland  
 21 (1997 Volume and 2001 Supplement)

22 BY repealing and reenacting, with amendments,  
 23 Article - Insurance  
 24 Section 27-605  
 25 Annotated Code of Maryland  
 26 (1997 Replacement Volume and 2001 Supplement)  
 27 ~~(As enacted by Section 1 of this Act)~~

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

30 **Article - Insurance**

31 11-317.

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

34 (1) A SURCHARGE;

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

1           (3)     REMOVAL OR REDUCTION OF A DISCOUNT.

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

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

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

9           (3)     INCLUDES A SECTION THAT:

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

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

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

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

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

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

27     ~~(c)~~     (D)     AN INSURER THAT MARKETS PRIVATE PASSENGER AUTOMOBILE  
28 INSURANCE THROUGH ~~INDEPENDENT~~ INSURANCE PRODUCERS SHALL MAKE  
29 AVAILABLE TO ITS PRODUCERS A COPY OF THE STATEMENT REQUIRED UNDER THIS  
30 SECTION.

31 ~~27-605.~~

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

35     SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
36 read as follows:

1 ~~Article—Insurance~~2 27-501.3 (E-1) AN INSURER MAY NOT REQUIRE A PARTICULAR PAYMENT PLAN FOR AN  
4 INSURED FOR COVERAGE UNDER A PRIVATE PASSENGER OR HOMEOWNER'S  
5 INSURANCE POLICY BASED ON THE CREDIT HISTORY OF THE INSURED.

6 27-605.

7 (A) IN THIS SECTION, "INCREASE IN PREMIUM" AND "PREMIUM INCREASE"  
8 INCLUDE AN INCREASE IN THE PREMIUM FOR ANY COVERAGE ON A POLICY DUE TO:9 (1) A SURCHARGE;10 (2) RETIERING OR OTHER RECLASSIFICATION OF AN INSURED; OR11 (3) REMOVAL OR REDUCTION OF A DISCOUNT.12 ~~(A)~~ (B) (1) Except in accordance with this article, with respect to a policy of  
13 motor vehicle liability insurance or a binder of motor vehicle liability insurance, if the  
14 binder has been in effect for at least 45 days, issued in the State to any resident of the  
15 household of the named insured, an insurer other than the Maryland Automobile  
16 Insurance Fund may not:17 (i) cancel or fail to renew the policy or binder for a reason other  
18 than nonpayment of premium; ~~OR~~19 (ii) ~~{~~increase a premium for any coverage on the policy; or20 (iii)~~}~~ reduce coverage under the policy.21 (2) Notwithstanding paragraph (1) of this subsection, the requirements  
22 of this section do not apply if:23 (i) ~~{~~the premium increase described in paragraph (1)(ii) of this  
24 subsection is part of a general increase in premiums approved by the Commissioner  
25 and does not result from a reclassification of the insured;26 (ii)~~}~~ the reduction in coverage described in paragraph ~~{(1)(iii)}~~ ~~(1)(H)~~  
27 of this subsection is part of a general reduction in coverage approved by the  
28 Commissioner or satisfies the requirements of Title 19, Subtitle 5 of this article; or29 ~~{(iii)}~~ ~~(H)~~ the failure to renew the policy takes place under a plan of  
30 withdrawal that:31 1. is approved by the Commissioner under § 27-603 of this  
32 subtitle; and33 2. provides that each insured affected by the plan of  
34 withdrawal shall be sent by certificate of mailing at least 45 days before the

1 nonrenewal of the policy a written notice that states the date that the policy will be  
 2 nonrenewed and that the nonrenewal is the result of the withdrawal of the insurer  
 3 from the market.

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

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

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

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

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

13 (i) the proposed action to be taken, including:—

14 1. for a premium increase, the amount of the increase and  
 15 the type of coverage to which it is applicable; and

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

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

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

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

23 1. the name of the individual or individuals to be excluded  
 24 from coverage; and

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

27 (v) the right of the insured to replace the insurance through the  
 28 Maryland Automobile Insurance Fund and the current address and telephone number  
 29 of the Fund;

30 (vi) the right of the insured to protest the proposed action of the  
 31 insurer and{, except in the case of a premium increase ~~that is consistent with the OF~~  
 32 15% OR LESS FOR THE ENTIRE POLICY, insurer's surcharge plan as filed with the  
 33 ~~Commissioner and authorized under the applicable provisions of Title 11 of this~~  
 34 ~~article,}~~ request a hearing before the Commissioner on the proposed action by signing  
 35 two copies of the notice and sending them to the Commissioner within 30 days after  
 36 the mailing date of the notice;

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

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

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

11 1. THE NAME, ADDRESS, AND TELEPHONE NUMBER OF THE  
12 CONSUMER REPORTING AGENCY THAT FURNISHED THE CREDIT REPORT TO THE  
13 INSURER, INCLUDING THE TOLL-FREE TELEPHONE NUMBER ESTABLISHED BY THE  
14 AGENCY IF THE AGENCY COMPILES AND MAINTAINS FILES ON CONSUMERS ON A  
15 NATIONWIDE BASIS;

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

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

23 4. THAT THE INSURED MAY DISPUTE, UNDER § 1681I OF THE  
24 FEDERAL FAIR CREDIT REPORTING ACT, WITH THE CONSUMER REPORTING AGENCY  
25 THE ACCURACY OR COMPLETENESS OF ANY INFORMATION IN THE CREDIT REPORT  
26 FURNISHED BY THE AGENCY.

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

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

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

36 1. GRAMMATICAL ERRORS, TYPOGRAPHICAL ERRORS, OR  
37 OTHER ERRORS PROVIDED THAT THE ERRORS ARE NONMATERIAL AND NOT  
38 MISLEADING; OR



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

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

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

10 (i) hold a hearing within a reasonable time after the request for a  
11 hearing; and

12 (ii) give written notice of the time and place of the hearing at least  
13 10 days before the hearing.

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

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

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

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

23 (i) dismiss the protest; and

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

25 1. its proposed effective date; and

26 2. 30 days after the date of the determination.

27 (3) If the Commissioner finds the proposed action to be unjustified, the  
28 Commissioner:

29 (i) shall disallow the action; and

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

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



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

4 (I) RETURN TO THE INSURED ALL DISALLOWED PREMIUM  
 5 RECEIVED FROM THE INSURED; AND

6 (II) PAY TO THE INSURED INTEREST ON THE DISALLOWED  
 7 PREMIUM RECEIVED FROM THE INSURED CALCULATED AT 10% PER ANNUM FROM  
 8 THE DATE THE DISALLOWED PREMIUM WAS RECEIVED TO THE DATE THE  
 9 DISALLOWED PREMIUM WAS RETURNED.

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

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

16 (L) THE COMMISSIONER MAY ADOPT REGULATIONS THAT EXCLUDE FROM  
 17 THE REQUIREMENTS OF THIS SECTION CERTAIN TYPES OF PREMIUM INCREASES,  
 18 EXCEPT FOR PREMIUM INCREASES DUE TO:

19 (1) AN ACCIDENT;

20 (2) A VIOLATION OF THE MARYLAND VEHICLE LAW OR THE VEHICLE  
 21 LAW OF ANOTHER STATE;

22 (3) THE CLAIMS HISTORY OF THE INSURED;

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

24 (5) A RETIERING OF THE INSURED; OR

25 (6) A SURCHARGE.

26 ~~27-605.1.~~

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

34 ~~(2) (f) AT LEAST 45 DAYS BEFORE THE EFFECTIVE DATE OF THE~~  
 35 ~~PROPOSED RENEWAL POLICY PREMIUM INCREASE, THE INSURER MUST SEND BY~~  
 36 ~~CERTIFICATE OF MAILING WRITTEN NOTICE OF THE PROPOSED RENEWAL POLICY~~

1 ~~PREMIUM INCREASE TO THE INSURED AT THE LAST KNOWN ADDRESS OF THE~~  
2 ~~INSURED.~~

3                   (HI)    ~~THE NOTICE MUST:~~

4                               1.     ~~BE IN TRIPLICATE AND ON A FORM APPROVED BY THE~~  
5 ~~COMMISSIONER;~~

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

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

11                              4.     ~~ADVISE THE INSURED THAT GENERAL RATE~~  
12 ~~INFORMATION REGARDING PRIVATE PASSENGER AUTOMOBILE INSURANCE IS~~  
13 ~~AVAILABLE FROM THE COMMISSIONER;~~

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

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

20                              7.     ~~PROVIDE THE NAME, ADDRESS, AND TELEPHONE~~  
21 ~~NUMBER OF THE COMMISSIONER.~~

22                   (HII)   ~~A NONMATERIAL, TYPOGRAPHICAL, OR GRAMMATICAL ERROR~~  
23 ~~OR THE INCLUSION OF NONMATERIAL INFORMATION IN A NOTICE, AS DETERMINED~~  
24 ~~BY THE COMMISSIONER, DOES NOT INVALIDATE THE NOTICE.~~

25           (3)    (4)    ~~AN INSURED MAY PROTEST THE RENEWAL POLICY PREMIUM~~  
26 ~~INCREASE THAT IS THE SUBJECT OF THE NOTICE BY SENDING A WRITTEN PROTEST~~  
27 ~~TO THE COMMISSIONER WITHIN 30 DAYS AFTER THE MAILING DATE OF THE NOTICE.~~

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

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

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

35                   (4)    (4)    ~~ON RECEIPT OF A PROTEST, THE COMMISSIONER SHALL~~  
36 ~~NOTIFY THE INSURER OF THE FILING OF THE PROTEST.~~

1                   (II)     ON NOTIFICATION OF THE FILING OF A PROTEST, THE INSURER  
2 SHALL:

3                   1:     RECALCULATE THE RENEWAL POLICY PREMIUM; AND  
4                   2:     PROVIDE TO THE COMMISSIONER A WRITTEN DOCUMENT  
5 THAT EXPLAINS THE RECALCULATION, INCLUDING ALL FACTORS FROM THE  
6 INSURER'S RATING PLAN USED TO CALCULATE THE INCREASED RENEWAL POLICY  
7 PREMIUM.

8                   (III)    THE COMMISSIONER MAY REQUEST ANY ADDITIONAL  
9 INFORMATION FROM THE INSURED OR THE INSURER NECESSARY TO RESOLVE THE  
10 PROTEST.

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

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

17                  (II)    DISMISSAL OF A PROTEST OR A DISALLOWANCE OF A RENEWAL  
18 POLICY PREMIUM INCREASE IS A FINAL DETERMINATION OF THE COMMISSIONER.

19                  (6)    THE COMMISSIONER MAY ADOPT REGULATIONS TO EXEMPT  
20 RENEWAL POLICY PREMIUM INCREASES FROM THE PROVISIONS OF THIS  
21 SUBSECTION, INCLUDING RENEWAL POLICY PREMIUM INCREASES CAUSED BY THE  
22 LOSS OF DISCOUNTS.

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

30                  (2)    (I)     THE INSURER SHALL SEND WRITTEN NOTICE OF THE  
31 PROPOSED RENEWAL POLICY PREMIUM INCREASE TO THE INSURED AT THE LAST  
32 KNOWN ADDRESS OF THE INSURED.

33                  (II)    A NOTICE OF RENEWAL PREMIUM DUE REQUIRED BY § 27-607  
34 OF THIS SUBTITLE SHALL BE DEEMED TO SATISFY THE REQUIREMENTS OF  
35 SUBPARAGRAPH (I) OF THIS PARAGRAPH.

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

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

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

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

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

15                   (1)     IS PART OF A GENERAL INCREASE IN PREMIUMS FILED WITH THE  
16 COMMISSIONER; OR

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

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

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

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

26     SECTION 2. AND BE IT FURTHER ENACTED, That Section 1 of this Act  
27 applies to all cancellations of, failures to renew, increases in premium for, and  
28 reductions in coverage under a policy of motor vehicle liability insurance that are  
29 effective on or after January 1, 2003.

30     SECTION 3. AND BE IT FURTHER ENACTED, That:

31           (a)     the Commissioner, in consultation with authorized private passenger  
32 automobile insurers, shall conduct a study regarding the feasibility of establishing an  
33 internal grievance process for the resolution of complaints regarding proposed  
34 adverse action by insurers with respect to private passenger automobile insurance  
35 premium increases.

36           (b)     the study may examine:

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

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

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

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

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

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