
By: **Chairman, Economic Matters Committee (By Request - Departmental - Insurance Administration, Maryland)**

Introduced and read first time: February 2, 2004

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: April 5, 2004

CHAPTER _____

1 AN ACT concerning

2 **Private Passenger Motor Vehicle Insurance - Use of Credit History - Repeal**
3 **of Sunset**

4 FOR the purpose of repealing a provision that terminates, as of a certain date, a
5 provision that authorizes an insurer that rates a new private passenger motor
6 vehicle insurance policy based on the credit history of the applicant to provide a
7 certain discount or impose a certain surcharge under certain circumstances;
8 requiring the Maryland Insurance Administration to submit a certain report;
9 and generally relating to the use of credit history in rating private passenger
10 motor vehicle insurance policies.

11 BY repealing and reenacting, without amendments,
12 Article - Insurance
13 Section 27-501(e-2)(5)
14 Annotated Code of Maryland
15 (2002 Replacement Volume and 2003 Supplement)

16 BY repealing and reenacting, with amendments,
17 Chapter 580 of the Acts of the General Assembly of 2002
18 Section 5

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

1

Article - Insurance

2 27-501.

3 (e-2) (5) With respect to private passenger motor vehicle insurance, an insurer
4 that rates a new policy based, in whole or in part, on the credit history of the
5 applicant may, if actuarially justified, provide a discount of up to 40% or impose a
6 surcharge of up to 40%.

7

Chapter 580 of the Acts of 2002

8 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
9 take effect October 1, 2002. [Section 2 of this Act shall remain effective for a period of
10 2 years and, at the end of September 30, 2004, with no further action required by the
11 General Assembly, Section 2 of this Act shall be abrogated and of no further force and
12 effect.]

13 SECTION 2. AND BE IT FURTHER ENACTED, That the Maryland Insurance
14 Administration shall report to the Senate Finance Committee and House Economic
15 Matters Committee on or before December 1, 2004, in accordance with § 2-1246 of the
16 State Government Article, on the status and findings of the study in which Maryland
17 has joined with 14 other member states of the National Association of Insurance
18 Commissioners on whether credit scoring has a disparate impact on minority and
19 low-income individuals.

20 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
21 effect July 1, 2004.