
By: **Senator Frosh**

Introduced and read first time: January 29, 2004

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Cancellation or Refusal to Renew Coverage - Claims History**

3 FOR the purpose of prohibiting an insurer that considers claims history for purposes
4 of canceling or refusing to renew coverage from considering certain inquiries in
5 deciding whether to cancel or refuse to renew coverage; requiring an insurer
6 that considers claims history for purposes of canceling or refusing to renew
7 coverage to give written notice to a policyholder if another claim filed by the
8 policyholder may cause the insurer to cancel or refuse to renew coverage;
9 specifying the manner in which notice must be sent; requiring the notice to
10 describe a certain type of claim; prohibiting an insurer from considering any
11 claim filed by a policyholder for purposes of canceling or refusing to renew
12 coverage unless the insurer has complied with the notice requirements under
13 this Act before the filing of the claim; and generally relating to consideration of
14 claims history by insurers for purposes of canceling or refusing to renew
15 coverage.

16 BY adding to
17 Article - Insurance
18 Section 27-501(o)
19 Annotated Code of Maryland
20 (2002 Replacement Volume and 2003 Supplement)

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 27-501.

25 (O) (1) AN INSURER THAT CONSIDERS CLAIMS HISTORY FOR PURPOSES OF
26 CANCELING OR REFUSING TO RENEW COVERAGE:

27 (I) MAY NOT CONSIDER AN INQUIRY BY A POLICYHOLDER OR AN
28 INSURED UNDER A POLICY THAT DOES NOT RESULT IN A CLAIM FOR BENEFITS IN
29 DECIDING WHETHER TO CANCEL OR REFUSE TO RENEW COVERAGE; AND

1 (II) SHALL GIVE WRITTEN NOTICE TO A POLICYHOLDER IF
2 ANOTHER CLAIM FILED BY THE POLICYHOLDER MAY CAUSE THE INSURER TO
3 CANCEL OR REFUSE TO RENEW COVERAGE.

4 (2) NOTICE UNDER PARAGRAPH (1)(II) OF THIS SUBSECTION SHALL:

5 (I) BE SENT BY CERTIFICATE OF MAILING TO THE POLICYHOLDER
6 AT THE LAST KNOWN ADDRESS OF THE POLICYHOLDER; AND

7 (II) DESCRIBE THE TYPE OF CLAIM THAT, IF FILED, MAY RESULT IN
8 CANCELLATION OR REFUSAL TO RENEW COVERAGE.

9 (3) AN INSURER MAY NOT CONSIDER ANY CLAIM FILED BY THE
10 POLICYHOLDER FOR PURPOSES OF CANCELING OR REFUSING TO RENEW COVERAGE
11 UNLESS THE INSURER HAS COMPLIED WITH THE NOTICE REQUIREMENTS OF THIS
12 SUBSECTION BEFORE THE FILING OF THE CLAIM.

13 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
14 October 1, 2004.