
By: **Senator Astle**
Introduced and read first time: February 6, 2004
Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Liability Insurance - Hearings on Proposed Actions by**
3 **Insurers - Attorney Fees**

4 FOR the purpose of altering certain information an insurer must include in a certain
5 notice to an insured under a policy of motor vehicle liability insurance; clarifying
6 the circumstances under which the Insurance Commissioner, after a certain
7 hearing, may disallow a certain proposed action of an insurer under a policy of
8 motor vehicle liability insurance and order the insurer to pay reasonable
9 attorney fees incurred by the insured for representation at the hearing; and
10 generally relating to the awarding of attorney fees after hearings on proposed
11 actions of insurers with respect to motor vehicle liability insurance.

12 BY repealing and reenacting, with amendments,
13 Article - Insurance
14 Section 27-605(c)(3) and (h)
15 Annotated Code of Maryland
16 (2002 Replacement Volume and 2003 Supplement)

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

19 **Article - Insurance**

20 27-605.

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

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

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

25 2. for a reduction in coverage, the type of coverage reduced
26 and the extent of the reduction;

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

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

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

5 1. the name of the individual or individuals to be excluded
6 from coverage; and

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

9 (v) the right of the insured to replace the insurance through the
10 Maryland Automobile Insurance Fund and the current address and telephone number
11 of the Fund;

12 (vi) the right of the insured to protest the proposed action of the
13 insurer and, except in the case of a premium increase of 15% or less for the entire
14 policy, request a hearing before the Commissioner on the proposed action by signing
15 two copies of the notice and sending them to the Commissioner within 30 days after
16 the mailing date of the notice;

17 (vii) except for a premium increase of 15% or less for the entire
18 policy, that if a protest is filed by the insured, the insurer must maintain the current
19 insurance in effect until a final determination is made by the Commissioner, subject
20 to the payment of any authorized premium due or becoming due before the
21 determination;

22 (viii) the authority of the Commissioner to award reasonable
23 attorney fees to the insured for representation at a hearing if:

24 1. the Commissioner finds the proposed action of the insurer
25 to be unjustified; AND

26 2. THE COMMISSIONER MAKES A SEPARATE FINDING THAT
27 ATTORNEY FEES ARE APPROPRIATE, REASONABLE, AND NECESSARY; and

28 (ix) if the proposed action is based wholly or partly on a credit score
29 or information from a credit report:

30 1. the name, address, and telephone number of the consumer
31 reporting agency that furnished the credit report to the insurer, including the
32 toll-free telephone number established by the agency if the agency compiles and
33 maintains files on consumers on a nationwide basis;

34 2. that the consumer reporting agency did not make the
35 decision to take the proposed action and is unable to provide the insured the specific
36 reasons why the action is proposed to be taken;

