
By: **Delegates Feldman and Miller**
Introduced and read first time: February 3, 2005
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: April 3, 2005

CHAPTER _____

1 AN ACT concerning

2 **Insurance - Notice - Cancellation, Nonrenewal, and Premiums**

3 FOR the purpose of altering certain requirements relating to certain binders or
4 insurance policies; making certain binders or insurance policies subject to a
5 certain underwriting period; authorizing an insurer to cancel certain binders or
6 insurance policies under certain circumstances; altering certain requirements
7 for insurers to give notice in a certain manner of an intention to cancel or not to
8 renew; altering the time period in which an insurer is required to issue a policy
9 or provide notice of cancellation of a binder; altering certain requirements for
10 insurers to provide certain statements of the actual reasons for cancellation or
11 refusal to renew certain insurance policies; prohibiting the Maryland Insurance
12 Commissioner from disallowing certain proposed actions because of certain
13 deficiencies in a statement of reasons for cancellation or refusal to renew;
14 providing that certain information is privileged and does not constitute grounds
15 for an action against certain persons; ~~providing that an assignment or transfer~~
16 ~~of certain insurance policies is not a cancellation or nonrenewal under certain~~
17 ~~circumstances~~; altering certain requirements for notice relating to premium
18 amounts; requiring a reasonable estimate of a renewal policy premium under
19 certain circumstances; defining certain terms; providing for the application of
20 this Act; and generally relating to certain requirements relating to notice,
21 cancellation, nonrenewal, and premiums of insurance policies and binders.

22 BY renumbering
23 Article - Insurance
24 Section 27-605
25 to be Section 27-613
26 Annotated Code of Maryland

1 (2002 Replacement Volume and 2004 Supplement)

2 BY repealing and reenacting, with amendments,
 3 Article - Insurance
 4 Section 12-106
 5 Annotated Code of Maryland
 6 (2003 Replacement Volume and 2004 Supplement)

7 BY repealing and reenacting, with amendments,
 8 Article - Insurance
 9 Section 27-601 through 27-603 and ~~27-605~~ 27-606 through 27-609
 10 Annotated Code of Maryland
 11 (2002 Replacement Volume and 2004 Supplement)

12 BY adding to
 13 Article - Insurance
 14 Section 27-603, 27-605, 27-607, and 27-608
 15 Annotated Code of Maryland
 16 (2002 Replacement Volume and 2004 Supplement)

17 BY repealing
 18 Article - Insurance
 19 Section 27-604
 20 Annotated Code of Maryland
 21 (2002 Replacement Volume and 2004 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 23 MARYLAND, That Section(s) 27-605 of Article - Insurance of the Annotated Code of
 24 Maryland be renumbered to be Section(s) 27-613.

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

27 **Article - Insurance**

28 12-106.

29 [(a) This section does not apply to life insurance or health insurance.]

30 (A) ~~(+)~~ THIS SECTION APPLIES ONLY TO ANY A BINDER OR POLICY, OTHER
 31 THAN A RENEWAL POLICY, OF PERSONAL PRIVATE PASSENGER MOTOR VEHICLE,
 32 HOMEOWNERS, OR COMMERCIAL PROPERTY INSURANCE OR LIABILITY INSURANCE.

33 ~~(2) THIS SECTION DOES NOT APPLY TO LIFE INSURANCE, HEALTH~~
 34 ~~INSURANCE, OR WORKERS' COMPENSATION INSURANCE.~~

1 (B) A BINDER OR POLICY IS SUBJECT TO A ~~60~~ 30-DAY UNDERWRITING PERIOD
2 BEGINNING ON THE EFFECTIVE DATE OF COVERAGE.

3 (C) AN INSURER MAY CANCEL A BINDER OR POLICY DURING THE
4 UNDERWRITING PERIOD IF THE RISK DOES NOT MEET THE UNDERWRITING
5 STANDARDS OF THE INSURER.

6 (D) AT THE TIME OF APPLICATION OR WHEN A BINDER OR POLICY IS
7 ~~DELIVERED~~ ISSUED, AN INSURER SHALL PROVIDE WRITTEN NOTICE OF ITS ABILITY
8 TO CANCEL A BINDER OR POLICY DURING THE UNDERWRITING PERIOD.

9 (E) A NOTICE OF CANCELLATION UNDER THIS SECTION SHALL:

10 (1) BE IN WRITING;

11 (2) HAVE AN EFFECTIVE DATE NOT LESS THAN 15 DAYS AFTER MAILING;
12 AND

13 (3) ~~INCLUDE THE REASONS~~ STATE THE INSURER'S ACTUAL REASON FOR
14 THE CANCELLATION.

15 [(b)] (F) A binder or other contract for temporary insurance:

16 (1) may be made orally or in writing; and

17 (2) except as superseded by the clear and express terms of the binder, is
18 considered to include:

19 (i) all the usual terms of the policy as to which the binder was
20 given; and

21 (ii) the applicable endorsements designated in the binder.

22 [(c)] (G) A binder is no longer valid after the policy as to which it was given is
23 issued.

24 [(d)] (H) (1) If a binder is given to a consumer borrower to satisfy a lender's
25 requirement that the borrower obtain property insurance or credit loss insurance as a
26 condition of making a loan secured by a first mortgage or first deed of trust on an
27 interest in owner-occupied residential real property, the insurer or its insurance
28 producer shall include in or with the binder:

29 (i) the name and address of the insured consumer borrower;

30 (ii) the name and address of the lender;

31 (iii) a description of the insured residential real property;

32 (iv) a provision that the binder may not be canceled within the term
33 of the binder unless the lender and the insured borrower receive written notice at
34 least ~~40~~ 15 days before the cancellation;

1 (v) except in the case of the renewal of a policy after the closing of
2 a loan, a paid receipt for the full amount of the applicable premium; and

3 (vi) the amount of coverage.

4 (2) With respect to a binder given under this subsection, an insurer:

5 (i) if the binder is to be canceled, shall give the lender and the
6 insured consumer borrower at least ~~10~~ 15 days' written notice before the cancellation;
7 and

8 (ii) within ~~{30}60~~ days after the date the binder was given, shall
9 issue a policy of insurance or provide the required notice of cancellation of the binder.
10 27-601.

11 [(a) This section does not apply to policies of:

12 (1) life insurance;

13 (2) health insurance;

14 (3) motor vehicle liability insurance issued to a resident of a household
15 in the State as set forth in § 27-605 of this subtitle; or

16 (4) surety insurance.]

17 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
18 INDICATED.

19 (B) (1) "COMMERCIAL INSURANCE" MEANS PROPERTY INSURANCE OR
20 CASUALTY INSURANCE ISSUED TO A SOLE PROPRIETOR, PARTNERSHIP,
21 CORPORATION, LIMITED LIABILITY COMPANY, OR SIMILAR ENTITY AND INTENDED
22 TO INSURE AGAINST LOSS ARISING FROM THE BUSINESS PURSUITS OF THE INSURED
23 ENTITY.

24 (2) "COMMERCIAL INSURANCE" DOES NOT INCLUDE:

25 (I) POLICIES ISSUED BY THE MARYLAND AUTOMOBILE
26 INSURANCE FUND;

27 (II) POLICIES ISSUED BY THE JOINT INSURANCE ASSOCIATION;

28 (III) WORKERS' COMPENSATION INSURANCE;

29 (IV) TITLE INSURANCE; OR

30 (V) PROFESSIONAL LIABILITY INSURANCE.

31 (C) (1) "PERSONAL INSURANCE" MEANS PROPERTY INSURANCE OR
32 CASUALTY INSURANCE ISSUED TO AN INDIVIDUAL, TRUST, ESTATE, OR SIMILAR

1 ENTITY THAT IS INTENDED TO INSURE AGAINST LOSS ARISING PRINCIPALLY FROM
2 THE PERSONAL, NONCOMMERCIAL ACTIVITIES OF THE INSURED.

3 (2) "PERSONAL INSURANCE" DOES NOT INCLUDE ~~PERSONAL~~;

4 (I) ~~MOTOR VEHICLE LIABILITY INSURANCE ISSUED TO A~~
5 ~~RESIDENT IN A HOUSEHOLD IN THE STATE AS PROVIDED IN POLICIES SUBJECT TO §~~
6 ~~27-609 OF THIS SUBTITLE;~~

7 (II) POLICIES ISSUED BY THE MARYLAND AUTOMOBILE
8 INSURANCE FUND;

9 (III) POLICIES ISSUED BY THE JOINT INSURANCE ASSOCIATION; OR

10 (IV) SURETY INSURANCE.

11 27-602.

12 (A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF PERSONAL
13 INSURANCE.

14 (2) THIS SECTION DOES NOT APPLY TO:

15 (I) ~~POLICIES OF COMMERCIAL INSURANCE, LIFE INSURANCE,~~
16 ~~HEALTH INSURANCE, PERSONAL MOTOR VEHICLE LIABILITY INSURANCE ISSUED TO~~
17 ~~A RESIDENT OF A HOUSEHOLD IN THE STATE AS PROVIDED IN § 27-609 OF THIS~~
18 ~~SUBTITLE, OR SURETY INSURANCE;~~

19 (II) ~~BINDERS OR POLICIES IN EFFECT FOR 60 30 DAYS OR LESS, AS~~
20 ~~PROVIDED IN § 12-106 OF THIS ARTICLE;~~

21 (III) ~~POLICIES ISSUED TO EXEMPT COMMERCIAL POLICYHOLDERS~~
22 ~~UNDER § 11-206 OF THIS ARTICLE, IF THE POLICIES PROVIDE FOR WRITTEN NOTICE~~
23 ~~OF NOT LESS THAN 30 DAYS; OR~~

24 (IV) ~~POLICIES ISSUED BY THE MARYLAND AUTOMOBILE~~
25 ~~INSURANCE FUND.~~

26 (b) (1) Whenever an insurer, as required by subsection (c) of this section,
27 gives notice of its intention to cancel or not to renew a policy subject to this section
28 issued in the State or before an insurer cancels a policy subject to this section issued
29 in the State for a reason other than nonpayment of premium, the insurer shall notify
30 the insured of the possible right of the insured to replace the insurance under the
31 Maryland Property Insurance Availability Act or through another plan for which the
32 insured may be eligible.

33 (2) The notice required by paragraph (1) of this subsection must:

34 (i) be in writing;

1 (ii) contain the current address and telephone number of the offices
2 of the appropriate plan; and

3 (iii) be sent to the insured in the same manner and at the same time
4 as the first written notice of cancellation or of intention not to renew given or required
5 by law, regulation, or contract.

6 (c) (1) At least 45 days before the date of the proposed cancellation or
7 expiration of the policy, the insurer shall [cause to be sent] SEND to the insured, by
8 certificate of mailing, a written notice of intention to cancel for a reason other than
9 nonpayment of premium or notice of intention not to renew a policy issued in the
10 State.

11 (2) Notice given to the insured by an insurance producer on behalf of the
12 insurer is deemed to have been given by the insurer for purposes of this subsection.

13 (3) Notwithstanding paragraph (2) of this subsection, no notice is
14 required under this section if the [insurance producer] INSURED has replaced the
15 insurance.

16 (d) At least 10 days before the date an insurer proposes to cancel a policy for
17 nonpayment of premium, the insurer shall [cause to be sent] SEND to the insured, by
18 certificate of mailing, a written notice of intention to cancel for nonpayment of
19 premium.

20 27-603.

21 (A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF COMMERCIAL
22 INSURANCE ~~OTHER THAN WORKERS' COMPENSATION INSURANCE.~~

23 (2) THIS SECTION DOES NOT APPLY TO:

24 (I) ~~POLICIES OF PERSONAL INSURANCE, LIFE INSURANCE,~~
25 ~~HEALTH INSURANCE, OR PERSONAL MOTOR VEHICLE LIABILITY INSURANCE ISSUED~~
26 ~~TO A RESIDENT OF A HOUSEHOLD IN THE STATE AS PROVIDED IN § 27-609 OF THIS~~
27 ~~SUBTITLE;~~

28 (II) ~~POLICIES ISSUED BY THE MARYLAND AUTOMOBILE~~
29 ~~INSURANCE FUND;~~

30 (III) ~~POLICIES IN EFFECT FOR 60~~ 30 DAYS OR LESS, AS PROVIDED IN
31 § 12-106 OF THIS ARTICLE; OR

32 (IV) ~~(II)~~ (II) POLICIES ISSUED TO EXEMPT COMMERCIAL
33 POLICYHOLDERS UNDER § 11-206 OF THIS ARTICLE, IF THE POLICIES PROVIDE FOR
34 WRITTEN NOTICE OF NOT LESS THAN 30 DAYS OF THE INSURER'S INTENT TO CANCEL
35 OR NONRENEW.

36 (B) (1) WHENEVER AN INSURER GIVES NOTICE OF ITS INTENTION TO
37 CANCEL OR NOT TO RENEW A POLICY ISSUED IN THIS STATE FOR A REASON OTHER

1 THAN NONPAYMENT OF PREMIUM, THE INSURER SHALL NOTIFY THE INSURED OF
2 THE POSSIBLE RIGHT TO REPLACE THE INSURANCE UNDER THE MARYLAND
3 PROPERTY INSURANCE AVAILABILITY ACT, THROUGH THE MARYLAND AUTOMOBILE
4 INSURANCE FUND, OR THROUGH ANOTHER PLAN FOR WHICH THE INSURED MAY BE
5 ELIGIBLE.

6 (2) THE NOTICE REQUIRED BY PARAGRAPH (1) OF THIS SUBSECTION
7 SHALL:

8 (I) BE IN WRITING;

9 (II) INCLUDE THE CURRENT ADDRESS AND TELEPHONE NUMBER
10 OF THE OFFICES OF THE JOINT INSURANCE ASSOCIATION, THE MARYLAND
11 AUTOMOBILE INSURANCE FUND, OR OTHER APPROPRIATE PLAN; AND

12 (III) BE SENT TO THE INSURED IN THE SAME MANNER AND AT THE
13 SAME TIME AS THE FIRST WRITTEN NOTICE OF CANCELLATION OR OF INTENTION
14 NOT TO RENEW THAT IS GIVEN OR REQUIRED BY LAW, REGULATION, OR CONTRACT.

15 (C) (1) AT LEAST 45 DAYS BEFORE THE DATE OF THE PROPOSED
16 CANCELLATION OR EXPIRATION OF THE POLICY, THE INSURER SHALL SEND TO THE
17 INSURED, BY CERTIFICATE OF MAILING, WRITTEN NOTICE OF INTENTION TO
18 CANCEL FOR A REASON OTHER THAN NONPAYMENT OF PREMIUM OR NOTICE OF
19 INTENTION NOT TO RENEW A POLICY ISSUED IN THE STATE.

20 (2) THE INSURER SHALL MAINTAIN PROOF OF MAILING IN A FORM
21 AUTHORIZED OR ACCEPTED BY THE UNITED STATES POSTAL SERVICE OR OTHER
22 COMMERCIAL MAIL DELIVERY SERVICE.

23 (3) NOTICE GIVEN TO THE INSURED BY AN INSURANCE PRODUCER ON
24 BEHALF OF THE INSURER IS DEEMED TO HAVE BEEN GIVEN BY THE INSURER FOR
25 THE PURPOSES OF THIS SUBSECTION.

26 (4) NO NOTICE IS REQUIRED UNDER THIS SUBSECTION IF THE INSURED
27 HAS REPLACED THE INSURANCE.

28 (D) AT LEAST 10 DAYS BEFORE THE DATE AN INSURER PROPOSES TO CANCEL
29 A POLICY FOR NONPAYMENT OF PREMIUM, THE INSURER SHALL SEND TO THE
30 INSURED, BY CERTIFICATE OF MAILING, A WRITTEN NOTICE OF INTENTION TO
31 CANCEL FOR NONPAYMENT OF PREMIUM.

32 (E) (1) IF AN INSURER PROVIDES A RENEWAL POLICY AND NOTICE OF
33 PREMIUM DUE TO AN INSURED AT LEAST 45 DAYS BEFORE THE RENEWAL DATE OF
34 THE POLICY AND THE INSURED FAILS TO MAKE THE REQUIRED PAYMENT BY THE
35 RENEWAL DATE, THE INSURER MAY TERMINATE THE POLICY ON THE RENEWAL
36 DATE FOR NONPAYMENT OF PREMIUM AFTER SENDING TO THE INSURED, BY
37 CERTIFICATE OF MAILING, A WRITTEN OFFER TO REINSTATE THE RENEWAL POLICY
38 WITHOUT LAPSE IN COVERAGE.

1 (2) AN OFFER TO REINSTATE UNDER THIS SUBSECTION SHALL PROVIDE
 2 NOT LESS THAN 10 DAYS FOR THE INSURED TO MAKE THE REQUIRED PREMIUM
 3 PAYMENT.

4 [27-602.] 27-604.

5 [(a) In this section, "applicant" means the person that seeks to purchase a
 6 renewal policy or to reinstate a canceled policy.

7 (b) (1) This section applies to the Maryland Property Insurance Availability
 8 Act and to any other plans that may be instituted to ensure availability of insurance,
 9 unless expressly excluded.

10 (2) This section does not apply to policies of:

11 (i) life insurance;

12 (ii) health insurance;

13 (iii) motor vehicle liability insurance; or

14 (iv) surety insurance.]

15 (A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF PERSONAL
 16 INSURANCE AND INSURANCE ISSUED UNDER THE MARYLAND PROPERTY
 17 INSURANCE AVAILABILITY ACT OR ANY SIMILAR ACT INSTITUTED TO ENSURE THE
 18 AVAILABILITY OF INSURANCE.

19 (2) THIS SECTION DOES NOT APPLY TO:

20 ~~(I) POLICIES OF COMMERCIAL INSURANCE, LIFE INSURANCE,~~
 21 ~~HEALTH INSURANCE, PERSONAL MOTOR VEHICLE LIABILITY INSURANCE ISSUED TO~~
 22 ~~A RESIDENT OF A HOUSEHOLD IN THE STATE AS PROVIDED IN § 27-609 OF THIS~~
 23 ~~SUBTITLE, OR SURETY INSURANCE;~~

24 ~~(II) BINDERS OR POLICIES IN EFFECT FOR 60 30 DAYS OR LESS, AS~~
 25 ~~PROVIDED IN § 12-106 OF THIS ARTICLE;~~

26 ~~(III) POLICIES ISSUED TO EXEMPT COMMERCIAL POLICYHOLDERS~~
 27 ~~UNDER § 11-206 OF THIS ARTICLE, IF THE POLICIES PROVIDE FOR WRITTEN NOTICE~~
 28 ~~OF NOT LESS THAN 30 DAYS; OR~~

29 ~~(IV) POLICIES ISSUED BY THE MARYLAND AUTOMOBILE~~
 30 ~~INSURANCE FUND.~~

31 [(c) (B) (1) Whenever an insurer cancels or refuses to renew a policy
 32 subject to this section, the insurer must provide to the [applicant] FIRST NAMED
 33 INSURED a statement of the actual reason for the cancellation or refusal to renew [if
 34 the authorized premium has been tendered or paid].

1 [(2) Paragraph (1) of this subsection applies to the cancellation of or
2 refusal to renew a binder that has been in effect for at least 15 days or an actual
3 policy that has been issued.]

4 (2) THE COMMISSIONER MAY NOT DISALLOW A PROPOSED ACTION OF
5 AN INSURER BECAUSE THE STATEMENT OF ACTUAL REASON CONTAINS:

6 (I) GRAMMATICAL, TYPOGRAPHICAL, OR OTHER ERRORS, IF THE
7 ERRORS ARE NOT MATERIAL TO THE PROPOSED ACTION AND ARE NOT MISLEADING;

8 (II) SURPLUS INFORMATION, IF THE SURPLUS INFORMATION IS
9 NOT MISLEADING; OR

10 (III) ERRONEOUS INFORMATION, IF IN THE ABSENCE OF THE
11 ERRONEOUS INFORMATION THERE IS A SUFFICIENT BASIS TO SUPPORT THE
12 PROPOSED ACTION.

13 [(d)] (C) A statement of actual reason is privileged and does not constitute
14 grounds for an action against the insurer, its representatives, or another person that
15 in good faith provides to the insurer information on which the statement is based.

16 [(e)] (D) (1) The reason given in the statement of actual reason ~~must~~ SHALL
17 be [sufficiently] clear and specific [so that an applicant of reasonable intelligence
18 can identify the basis for the insurer's decision without making further inquiry].

19 (2) The use of generalized terms such as "personal habits", "physical
20 handicap or disability", "living conditions", "poor morals", or "violation or accident
21 record" does not meet the requirement of this subsection.

22 27-605.

23 (A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF COMMERCIAL
24 INSURANCE ~~OTHER THAN WORKERS' COMPENSATION INSURANCE.~~

25 (2) THIS SECTION DOES NOT APPLY TO:

26 (I) ~~POLICIES OF PERSONAL INSURANCE, PERSONAL MOTOR
27 VEHICLE LIABILITY INSURANCE ISSUED TO A RESIDENT IN A HOUSEHOLD IN THIS
28 STATE AS PROVIDED IN § 27-609 OF THIS SUBTITLE, LIFE INSURANCE, HEALTH
29 INSURANCE, OR SURETY INSURANCE;~~

30 ~~(II) BINDERS OR~~ POLICIES IN EFFECT FOR ~~60~~ 30 DAYS OR LESS, AS
31 PROVIDED IN § 12-106 OF THIS ARTICLE; OR

32 ~~(III)~~ (II) POLICIES ISSUED TO EXEMPT COMMERCIAL
33 POLICYHOLDERS UNDER § 11-206 OF THIS ARTICLE, IF THE POLICIES PROVIDE FOR
34 WRITTEN NOTICE OF NOT LESS THAN 30 DAYS; ~~OR~~

35 ~~(IV) POLICIES ISSUED BY THE MARYLAND AUTOMOBILE
36 INSURANCE FUND~~ OF THE INSURER'S INTENT TO CANCEL OR NONRENEW.

1 (B) (1) WHENEVER AN INSURER CANCELS OR REFUSES TO RENEW A POLICY
2 SUBJECT TO THIS SECTION FOR A REASON OTHER THAN NONPAYMENT OF PREMIUM,
3 THE INSURER MUST PROVIDE TO THE FIRST NAMED INSURED A WRITTEN
4 STATEMENT OF THE ACTUAL REASON FOR THE CANCELLATION OR REFUSAL TO
5 RENEW.

6 (2) THE REASON GIVEN IN THE STATEMENT OF ACTUAL REASON SHALL
7 BE CLEAR AND SPECIFIC.

8 ~~(2)~~ (3) THE STATEMENT SHALL INCLUDE THE INSURER'S OFFER TO
9 PROVIDE ADDITIONAL INFORMATION IN SUPPORT OF THE PROPOSED ACTION UPON
10 THE WRITTEN REQUEST OF THE INSURED AND AN ADDRESS FOR THE INSURED TO
11 SUBMIT THE REQUEST.

12 ~~(3)~~ (4) A WRITTEN REQUEST FOR INFORMATION UNDER THIS
13 SUBSECTION SHALL BE SENT NOT MORE THAN 30 DAYS FROM THE DATE OF THE
14 NOTICE CONTAINING THE ACTUAL REASON.

15 ~~(4)~~ (5) ON RECEIVING A WRITTEN REQUEST FROM AN INSURED FOR
16 ADDITIONAL INFORMATION UNDER THIS SUBSECTION AND PRIOR TO THE
17 EFFECTIVE DATE OF THE PROPOSED ACTION, AN INSURER SHALL RESPOND IN
18 WRITING WITHIN 15 DAYS.

19 ~~(5)~~ (6) EXCEPT AS PROVIDED IN § 27-501 OF THIS ARTICLE, A REQUEST
20 FOR ADDITIONAL INFORMATION UNDER THIS SECTION DOES NOT STAY THE
21 PROPOSED ACTION.

22 (C) THE COMMISSIONER MAY NOT DISALLOW A PROPOSED ACTION OF AN
23 INSURER BECAUSE THE STATEMENT OF ACTUAL REASON CONTAINS:

24 (1) GRAMMATICAL ~~ERRORS~~, TYPOGRAPHICAL ~~ERRORS~~, OR OTHER
25 ERRORS, IF THE ERRORS ARE NOT MATERIAL TO THE PROPOSED ACTION AND ARE
26 NOT MISLEADING;

27 (2) SURPLUS INFORMATION, IF THE SURPLUS INFORMATION IS NOT
28 MISLEADING; OR

29 (3) ERRONEOUS INFORMATION, IF IN THE ABSENCE OF THE
30 ERRONEOUS INFORMATION THERE IS A SUFFICIENT BASIS TO SUPPORT THE
31 PROPOSED ACTION.

32 (D) INFORMATION CONCERNING THE ACTUAL REASON IS PRIVILEGED AND
33 DOES NOT CONSTITUTE GROUNDS FOR AN ACTION AGAINST THE INSURER, THE
34 INSURER'S REPRESENTATIVES, AN INSURANCE PRODUCER, OR ANY OTHER PERSON
35 THAT IN GOOD FAITH PROVIDES INFORMATION ON WHICH THE STATEMENT IS
36 BASED.

37 ~~(E) FOR PURPOSES OF THIS SECTION, AN ASSIGNMENT OR TRANSFER OF AN~~
38 ~~INSURANCE POLICY SUBJECT TO THIS SECTION TO AN AFFILIATED INSURER WITHIN~~

1 ~~AN INSURANCE HOLDING COMPANY SYSTEM MAY NOT BE DEEMED A CANCELLATION~~
2 ~~OR NONRENEWAL.~~

3 [27-603.] 27-606.

4 (a) (1) Except for life insurance, health insurance, and annuities, an insurer
5 that intends to cancel or not renew a line of business shall file a plan of withdrawal
6 with the Commissioner at least 180 days before the date of the proposed withdrawal.

7 (2) Notwithstanding paragraph (1) of this subsection, the Commissioner
8 may allow an insurer to file a plan of withdrawal at least 60 days before the date of
9 proposed withdrawal if the Commissioner determines that compliance by the insurer
10 with paragraph (1) of this subsection may result in:

11 (i) the impairment of the insurer;

12 (ii) the loss of or substantial changes in applicable reinsurance; or

13 (iii) significant financial losses to the insurer.

14 (3) For health insurance:

15 (i) an insurer that intends to cancel or not renew a health
16 insurance product, as defined by the Commissioner, for all of its covered insureds in
17 the State shall file a plan of withdrawal with the Commissioner at least 90 days
18 before the date of the proposed cancellation or nonrenewal; and

19 (ii) an insurer that intends to withdraw completely from the health
20 insurance market in the State by canceling or not renewing all of its health insurance
21 products in the State shall file a plan of withdrawal with the Commissioner at least
22 180 days before the date of the proposed withdrawal.

23 (b) The plan of withdrawal shall contain:

24 (1) a statement by an elected officer of the insurer that the cancellation
25 or nonrenewal action is necessary as a result of:

26 (i) the loss of or substantial changes in applicable reinsurance;

27 (ii) financial losses of the insurer; or

28 (iii) another business or economic reason of the insurer;

29 (2) if the reason for cancellation or nonrenewal is loss of or substantial
30 changes in reinsurance, a statement that explains:

31 (i) that the insurer made a good faith effort to obtain replacement
32 reinsurance, but was unable to do so due to either the unavailability or
33 unaffordability of replacement reinsurance;

1 (ii) how the loss of or reduction in reinsurance affects the insurer's
2 risks throughout the entire line or category of insurance proposed for cancellation or
3 nonrenewal; and

4 (iii) why cancellation or nonrenewal is necessary to cure the loss of
5 or reduction in available reinsurance; and

6 (3) notwithstanding the reason for cancellation or nonrenewal, a
7 statement that:

8 (i) identifies the category of risk, the total number of risks written
9 by the insurer in that line of business, and the number of risks intended to be
10 canceled or not renewed;

11 (ii) explains how the cancellation or nonrenewals, if approved, will
12 be implemented with respect to individual risks and the steps that will be taken to
13 ensure that the cancellation or nonrenewal decisions will not be applied in an
14 arbitrary, capricious, or unfairly discriminatory manner or in violation of § 27-501 of
15 this title; and

16 (iii) includes any other information that the Commissioner
17 reasonably requires.

18 (c) If a plan of withdrawal filed with the Commissioner is not accompanied by
19 the information required by this section, the Commissioner may so inform the insurer
20 and the plan of withdrawal will be deemed filed when the information is provided to
21 the Commissioner.

22 (d) After an insurer has filed a plan of withdrawal with the Commissioner, the
23 insurer shall notify in writing each of its insurance producers in the State that the
24 insurer has filed a plan of withdrawal.

25 (e) The Commissioner shall review each plan of withdrawal to determine its
26 compliance with this section and § 27-501 of this title.

27 (f) (1) (i) The Commissioner shall disapprove each plan of withdrawal
28 that does not comply with this section.

29 (ii) If the Commissioner disapproves a plan, the Commissioner
30 shall issue an order of disapproval that includes specific reasons for the disapproval.

31 (2) (i) Subject to paragraph (3) of this subsection, a plan filed under
32 this section is deemed approved if the Commissioner fails to approve or disapprove
33 the plan within 60 days after the date of filing by the insurer.

34 (ii) If a filing is deemed approved under this paragraph, the filing
35 becomes effective on the 60th day after the date of filing.

1 (3) If the Commissioner does not have sufficient information to
2 determine whether a filing or amended filing meets the requirements of this section,
3 the Commissioner:

4 (i) shall require the insurer to provide the necessary information;
5 and

6 (ii) may extend the period for approval until the information is
7 provided.

8 (4) A plan may be withdrawn or amended by the insurer at any time
9 before approval.

10 (5) After approval or disapproval of a plan, the withdrawal or
11 amendment of the plan is subject to the approval of the Commissioner.

12 (g) The Commissioner may disapprove a plan of withdrawal for health
13 insurance if an insurer, nonprofit health service plan, or health maintenance
14 organization has failed to demonstrate compliance with § 15-1212 or § 15-1308 of
15 this article.

16 [27-604.

17 (a) This section does not apply to:

18 (1) life insurance;

19 (2) health insurance;

20 (3) motor vehicle liability insurance issued to a resident of a household
21 in the State as set forth in § 27-605 of this subtitle;

22 (4) surety insurance;

23 (5) insurance written or issued by the Maryland Automobile Insurance
24 Fund; or

25 (6) an insurer that satisfies the Commissioner that it cannot reasonably
26 comply with the notice requirement in connection with certain risks or lines of
27 business.

28 (b) Whenever an insurer intends to increase a premium for a particular policy
29 written in the State by 20% or more, the insurer shall notify the insured and
30 insurance producer of the increase.

31 (c) The notice shall be sent by first-class mail to the insured and insurance
32 producer at least 45 days before the effective date of the proposed premium increase.]

1 27-607.

2 (A) ~~(+)~~ THIS SECTION APPLIES ONLY TO POLICIES OF PERSONAL
3 INSURANCE AND INSURANCE ISSUED UNDER THE MARYLAND PROPERTY
4 INSURANCE AVAILABILITY ACT OR ANY SIMILAR ACT INSTITUTED TO ENSURE THE
5 AVAILABILITY OF INSURANCE.

6 ~~(2)~~ THIS SECTION DOES NOT APPLY TO:

7 ~~(+)~~ POLICIES OF COMMERCIAL INSURANCE, LIFE INSURANCE,
8 HEALTH INSURANCE, PERSONAL MOTOR VEHICLE LIABILITY INSURANCE ISSUED TO
9 A RESIDENT OF A HOUSEHOLD IN THE STATE AS PROVIDED IN § 27-609 OF THIS
10 SUBTITLE, OR SURETY INSURANCE;

11 ~~(H)~~ POLICIES ISSUED TO EXEMPT COMMERCIAL POLICYHOLDERS
12 UNDER § 11-206 OF THIS ARTICLE, IF THE POLICIES PROVIDE FOR WRITTEN NOTICE
13 OF NOT LESS THAN 30 DAYS; OR

14 ~~(H)~~ POLICIES ISSUED BY THE MARYLAND AUTOMOBILE
15 INSURANCE FUND.

16 (B) AT LEAST 45 DAYS PRIOR TO THE RENEWAL DATE OF A POLICY SUBJECT
17 TO THIS SECTION, THE INSURER SHALL SEND A NOTICE TO THE FIRST NAMED
18 INSURED AND THE INSURANCE PRODUCER, IF ANY, BY FIRST-CLASS MAIL STATING
19 BOTH THE AMOUNT OF THE RENEWAL POLICY PREMIUM AND THE AMOUNT OF THE
20 EXPIRING POLICY PREMIUM.

21 27-608.

22 (A) ~~(+)~~ THIS SECTION APPLIES ONLY TO POLICIES OF COMMERCIAL
23 INSURANCE ~~OTHER THAN WORKERS' COMPENSATION INSURANCE.~~

24 ~~(2)~~ THIS SECTION DOES NOT APPLY TO POLICIES OF PERSONAL
25 INSURANCE OR PERSONAL MOTOR VEHICLE LIABILITY INSURANCE ISSUED TO A
26 RESIDENT IN A HOUSEHOLD IN THIS STATE AS PROVIDED IN § 27-609 OF THIS
27 SUBTITLE.

28 (B) ~~(+)~~ UNLESS AN INSURER HAS GIVEN NOTICE OF ITS INTENTION NOT TO
29 RENEW A POLICY SUBJECT TO THIS SECTION, IF THE INSURER SEEKS TO INCREASE
30 THE RENEWAL POLICY PREMIUM BY 20% OR MORE, THE INSURER SHALL SEND A
31 NOTICE TO THE FIRST NAMED INSURED AND INSURANCE PRODUCER, IF ANY, NOT
32 LESS THAN 45 DAYS PRIOR TO THE RENEWAL DATE OF THE POLICY.

33 (C) A NOTICE UNDER THIS SECTION SHALL INCLUDE:

34 (1) BOTH THE EXPIRING POLICY PREMIUM AND THE RENEWAL POLICY
35 PREMIUM; AND

1 (2) THE TELEPHONE NUMBER FOR THE INSURER OR INSURANCE
 2 PRODUCER, IF ANY, TOGETHER WITH A STATEMENT THAT THE INSURED MAY CALL
 3 TO REQUEST ADDITIONAL INFORMATION ABOUT THE PREMIUM INCREASE.

4 (D) (1) IF AN INSURER'S RATING METHODOLOGY REQUIRES THE INSURED
 5 TO PROVIDE INFORMATION TO CALCULATE THE RENEWAL POLICY PREMIUM, AN
 6 INSURER SHALL PROVIDE A REASONABLE ESTIMATE OF THE RENEWAL POLICY
 7 PREMIUM IF:

8 (I) THE INSURER HAS REQUESTED THE REQUIRED INFORMATION
 9 FROM THE INSURED; AND

10 (II) THE INSURER HAS NOT RECEIVED THE REQUESTED
 11 INFORMATION.

12 (2) A REASONABLE ESTIMATE UNDER THIS SUBSECTION SHALL BE
 13 BASED UPON THE INFORMATION AVAILABLE TO THE INSURER AT THE TIME THE
 14 NOTICE IS SENT.

15 (E) IN DETERMINING THE AMOUNT OF A PREMIUM INCREASE UNDER THIS
 16 SECTION, THE INSURER IS NOT REQUIRED TO INCLUDE PREMIUM RESULTING FROM:

17 (1) AN INCREASE IN THE UNITS OF EXPOSURE;

18 (2) THE APPLICATION OF AN EXPERIENCE RATING PLAN;

19 (3) THE APPLICATION OF A RETROSPECTIVE RATING PLAN;

20 (4) A CHANGE MADE BY THE INSURED THAT INCREASES THE INSURER'S
 21 EXPOSURE; OR

22 (5) AN AUDIT OF THE INSURED.

23 (F) (1) EXCEPT AS PROVIDED IN THIS SUBSECTION, A NOTICE REQUIRED
 24 UNDER THIS SECTION SHALL BE SENT BY CERTIFICATE OF MAILING.

25 (2) A NOTICE REQUIRED BY THIS SECTION MAY BE SENT BY
 26 FIRST-CLASS MAIL IF IT IS SENT TOGETHER WITH THE RENEWAL POLICY.

27 ~~[27-605.]27-609.~~

28 (a) ~~In this section, "increase in premium" and "premium increase" include an~~
 29 ~~increase in the premium for any coverage on a policy due to:~~

30 ~~(1) a surcharge;~~

31 ~~(2) retiering or other reclassification of an insured; or~~

32 ~~(3) removal or reduction of a discount.~~

1 (b) (1) Except in accordance with this article, with respect to a policy of
 2 motor vehicle liability insurance or a binder of motor vehicle liability insurance, if the
 3 binder has been in effect for at least 45 days, issued in the State to any resident of the
 4 household of the named insured, an insurer other than the Maryland Automobile
 5 Insurance Fund may not:

6 (i) cancel or fail to renew the policy or binder for a reason other
 7 than nonpayment of premium;

8 (ii) increase a premium for any coverage on the policy; or

9 (iii) reduce coverage under the policy.

10 (2) Notwithstanding paragraph (1) of this subsection, the requirements
 11 of this section do not apply if:

12 (i) the premium increase described in paragraph (1)(ii) of this
 13 subsection is part of a general increase in premiums approved by the Commissioner
 14 and does not result from a reclassification of the insured;

15 (ii) the reduction in coverage described in paragraph (1)(iii) of this
 16 subsection is part of a general reduction in coverage approved by the Commissioner or
 17 satisfies the requirements of Title 19, Subtitle 5 of this article; or

18 (iii) the failure to renew the policy takes place under a plan of
 19 withdrawal that:

20 1. is approved by the Commissioner under § 27-603 of this
 21 subtitle; and

22 2. provides that each insured affected by the plan of
 23 withdrawal shall be sent by certificate of mailing at least 45 days before the
 24 nonrenewal of the policy a written notice that states the date that the policy will be
 25 nonrenewed and that the nonrenewal is the result of the withdrawal of the insurer
 26 from the market.

27 (c) (1) At least 45 days before the proposed effective date of the action, an
 28 insurer that intends to take an action subject to this section must send written notice
 29 of its proposed action to the insured at the last known address of the insured:

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

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

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

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

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

- 1 1. for a premium increase, the amount of the increase and
2 the type of coverage to which it is applicable; and
- 3 2. for a reduction in coverage, the type of coverage reduced
4 and the extent of the reduction;
- 5 (ii) the proposed effective date of the action;
- 6 (iii) subject to paragraph (4) of this subsection, the actual reason of
7 the insurer for proposing to take the action;
- 8 (iv) if there is coupled with the notice an offer to continue or renew
9 the policy in accordance with § 27-606 of this subtitle:
- 10 1. the name of the individual or individuals to be excluded
11 from coverage; and
- 12 2. the premium amount if the policy is continued or renewed
13 with the named individual or individuals excluded from coverage;
- 14 (v) the right of the insured to replace the insurance through the
15 Maryland Automobile Insurance Fund and the current address and telephone number
16 of the Fund;
- 17 (vi) the right of the insured to protest the proposed action of the
18 insurer and, except in the case of a premium increase of 15% or less for the entire
19 policy, request a hearing before the Commissioner on the proposed action by signing
20 two copies of the notice and sending them to the Commissioner within 30 days after
21 the mailing date of the notice;
- 22 (vii) except for a premium increase of 15% or less for the entire
23 policy, that if a protest is filed by the insured, the insurer must maintain the current
24 insurance in effect until a final determination is made by the Commissioner, subject
25 to the payment of any authorized premium due or becoming due before the
26 determination;
- 27 (viii) the authority of the Commissioner to award reasonable
28 attorney fees to the insured for representation at a hearing if the Commissioner finds
29 the proposed action of the insurer to be unjustified; and
- 30 (ix) if the proposed action is based wholly or partly on a credit score
31 or information from a credit report:
- 32 1. the name, address, and telephone number of the consumer
33 reporting agency that furnished the credit report to the insurer, including the
34 toll-free telephone number established by the agency if the agency compiles and
35 maintains files on consumers on a nationwide basis;

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

4 3. that the insured may obtain, under § 1681 of the federal
5 Fair Credit Reporting Act, a free copy of the credit report of the insured from the
6 consumer reporting agency within 60 days after receipt of the notice; and

7 4. that the insured may dispute, under § 1681i of the federal
8 Fair Credit Reporting Act, with the consumer reporting agency the accuracy or
9 completeness of any information in the credit report furnished by the agency.

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

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

17 (iii) The Commissioner may not disallow a proposed action of an
18 insurer because the statement of actual reason contains:

19 1. grammatical errors, typographical errors, or other errors
20 provided that the errors are nonmaterial and not misleading; or

21 2. surplus information, provided that the surplus
22 information is nonmaterial and not misleading.

23 (d) At least 10 days before the date an insurer proposes to cancel a policy for
24 nonpayment of premium, the insurer shall cause to be sent to the insured, by
25 certificate of mailing, a written notice of intention to cancel for nonpayment of
26 premium.

27 (e) A statement of actual reason contained in the notice given under
28 subsection (c) of this section is privileged and does not constitute grounds for an
29 action against the insurer, its representatives, or another person that in good faith
30 provides to the insurer information on which the statement is based.

31 (f) (1) This subsection does not apply to an action of an insurer taken under
32 subsection (d) of this section.

33 (2) An insured may protest a proposed action of the insurer under this
34 section by signing two copies of the notice and sending them to the Commissioner
35 within 30 days after the mailing date of the notice.

36 (3) On receipt of a protest, the Commissioner shall notify the insurer of
37 the filing of the protest.

1 (4) Except for a premium increase of 15% or less for the entire policy, a
2 protest filed with the Commissioner stays the proposed action of the insurer pending
3 a final determination by the Commissioner.

4 (5) (i) Except for a premium increase of 15% or less for the entire
5 policy, the insurer shall maintain in effect the same coverage and premium that were
6 in effect on the day the notice of proposed action was sent to the insured until a final
7 determination is made, subject to the payment of any authorized premium due or
8 becoming due before the determination.

9 (ii) In the case of a premium increase, a dismissal of the protest or
10 disallowance of the premium increase is deemed to be a final determination of the
11 Commissioner 20 days after the mailing date of the Commissioner's notice of action.

12 (g) (1) Based on the information contained in the notice, the Commissioner:

13 (i) shall determine whether the protest by the insured has merit;
14 and

15 (ii) either shall dismiss the protest or disallow the proposed action
16 of the insurer.

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

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

22 (4) Except in the case of a premium increase of 15% or less for the entire
23 policy the Commissioner shall:

24 (i) hold a hearing within a reasonable time after the request for a
25 hearing; and

26 (ii) give written notice of the time and place of the hearing at least
27 10 days before the hearing.

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

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

33 (h) (1) The Commissioner shall issue an order within 30 days after the
34 conclusion of the hearing.

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

- 1 (i) dismiss the protest; and
- 2 (ii) allow the proposed action to be taken on the later of:
- 3 1. its proposed effective date; and
- 4 2. 30 days after the date of the determination.
- 5 (3) If the Commissioner finds the proposed action to be unjustified, the
6 Commissioner:
- 7 (i) shall disallow the action; and
- 8 (ii) may order the insurer to pay reasonable attorney fees incurred
9 by the insured for representation at the hearing as the Commissioner considers
10 appropriate.
- 11 (i) The Commissioner may delegate the powers and duties of the
12 Commissioner under this section to one or more employees or hearing examiners.
- 13 (j) (1) If the Commissioner disallows a premium increase of 15% or less for
14 the entire policy, the insurer, within 30 days after the disallowance, shall:
- 15 (i) return to the insured all disallowed premium received from the
16 insured; and
- 17 (ii) pay to the insured interest on the disallowed premium received
18 from the insured calculated at 10% per annum from the date the disallowed premium
19 was received to the date the disallowed premium was returned.
- 20 (2) If an insurer fails to return any disallowed premium or fails to pay
21 interest to an insured in violation of paragraph (1) of this subsection, the insurer is in
22 violation of this article and subject to the penalties under § 4-113(d) of this article.
- 23 (k) A party to a proceeding under this section may appeal the decision of the
24 Commissioner in accordance with § 2-215 of this article.
- 25 (4) The Commissioner may adopt regulations that exclude from the
26 requirements of this section certain types of premium increases, except for premium
27 increases due to:
- 28 (1) an accident;
- 29 (2) a violation of the Maryland vehicle law or the vehicle law of another
30 state;
- 31 (3) the claims history of the insured;
- 32 (4) the credit history or the credit score of the insured;
- 33 (5) a retiering of the insured; or

1 (6) ~~a surcharge.~~

2 ~~[27-606.] 27-610. 27-609.~~

3 (a) (1) This subsection applies to ~~an automobile~~ A PRIVATE PASSENGER
4 MOTOR VEHICLE liability insurance policy issued in the State to a resident of a
5 household, under which more than one individual is insured.

6 (2) If an insurer is authorized under this article to cancel, nonrenew, or
7 increase the premiums on a policy of ~~automobile~~ PRIVATE PASSENGER MOTOR
8 VEHICLE liability insurance subject to this subsection because of the claim experience
9 or driving record of one or more but less than all of the individuals insured under the
10 policy, the insurer, instead of cancellation, nonrenewal, or premium increase, shall
11 offer to continue or renew the insurance, but to exclude all coverage when a motor
12 vehicle is operated by the specifically named excluded individual or individuals whose
13 claim experience or driving record could have justified the cancellation, nonrenewal,
14 or premium increase.

15 (b) If an insurer legally could refuse to issue a policy of ~~automobile~~ PRIVATE
16 PASSENGER MOTOR VEHICLE liability insurance under which more than one
17 individual is insured because of the claim experience or driving record of one or more
18 but less than all of the individuals applying to be insured under the policy, the insurer
19 may issue the policy but exclude all coverage when a motor vehicle is operated by the
20 specifically named excluded individual or individuals whose claim experience or
21 driving record could have justified the refusal to issue.

22 (c) The policy described in subsection (a) or (b) of this section may be endorsed
23 to exclude specifically all coverage for any of the following when the named excluded
24 driver is operating a motor vehicle covered under the policy whether or not that
25 operation or use was with the express or implied permission of an individual insured
26 under the policy:

27 (1) the excluded operator or user;

28 (2) the vehicle owner;

29 (3) family members residing in the household of the excluded operator or
30 user or vehicle owner; and

31 (4) any other individual, except for the coverage required by §§ 19-505
32 and 19-509 of this article if that coverage is not available under another automobile
33 policy.

34 (d) The premiums charged on a policy that excludes a named driver or drivers
35 under this section may not reflect the claim experience or driving record of the
36 excluded named driver or drivers.

1 [27-607.] ~~27-611~~ 27-610.

2 (a) (1) THIS SECTION APPLIES ONLY TO POLICIES OF PERSONAL
 3 INSURANCE AND PERSONAL PRIVATE PASSENGER MOTOR VEHICLE LIABILITY
 4 INSURANCE ISSUED TO A RESIDENT IN A HOUSEHOLD IN THIS STATE AS PROVIDED
 5 IN POLICIES SUBJECT TO § 27-609 27-613 OF THIS SUBTITLE.

6 (2) ~~THIS SECTION DOES NOT APPLY TO COMMERCIAL INSURANCE.~~

7 ~~{(4)}~~ ~~{3}~~ Unless an insurer has provided notice of its intention not to
 8 renew a policy in compliance with [§ 27-601, § 27-603, or § 27-605 of] this subtitle,
 9 the insurer must provide each policyholder with notice of renewal premium due at
 10 least 17 days before the due date.

11 [(2)] ~~{4}~~ {3} A licensed insurance producer may provide notice under
 12 paragraph [(1)] ~~{2}~~ {2} of this subsection on behalf of the insurer.

13 [(3)] ~~{5}~~ {4} The duty to provide notice under paragraph [(1)] ~~{2}~~ {2} of
 14 this subsection is deemed discharged if:

15 (i) the insurer shows that its established procedures would have
 16 resulted in placing the notice of renewal premium due in the United States mail; and

17 (ii) there is no showing that in fact the notice was not placed in the
 18 mail.

19 (b) If an insurer fails to provide notice of renewal premium due under
 20 subsection (a) of this section, and subsequently the policyholder fails to make timely
 21 payment of the renewal premium, the insurer must:

22 (1) provide coverage for each claim that:

23 (i) would have been covered under the policy; and

24 (ii) arises within 45 days after the date the insured discovers or
 25 should have discovered that the policy was not renewed; and

26 (2) renew the policy on tender of payment within 30 days after the
 27 policyholder discovers or should have discovered that the policy was not renewed.

28 [27-608.] ~~27-612~~ 27-611.

29 Before the actual expiration of a policy of motor vehicle insurance that results
 30 from nonpayment of a renewal premium, the insurer shall provide notice to the
 31 insured in clear and specific terms that if the insured fails to renew or replace the
 32 motor vehicle insurance before the due date, § 17-106 of the Transportation Article
 33 provides that uninsured motorist penalties be assessed and that evidences of
 34 registration be surrendered to the Motor Vehicle Administration and that failure to
 35 surrender the evidences of registration may result in suspension of current and future
 36 registration privileges.

1 [27-609.] ~~27-613-27-612.~~

2 (a) (1) If an insurer fails to comply with any provision of [§ 27-601,] §
3 27-602, § 27-603, § 27-604, § 27-605, ~~for § 27-606, § 27-607, § 27-606, OR § 27-609,~~
4 § 27-608, § 27-610, or § 27-613 of this subtitle, the insurer is liable to the applicant
5 for the coverage that was requested, or that would have become effective except for
6 the failure to comply with these provisions, unless the person seeking coverage:

7 (i) no longer wishes the coverage;

8 (ii) has obtained other substantially equivalent coverage; or

9 (iii) fails to tender or pay the premium after reasonable demand for
10 the premium has been made.

11 (2) The liability of an insurer under paragraph (1) of this subsection is in
12 addition to any other penalties applicable by law.

13 (b) Liability for coverage does not apply to failure to comply with ~~§ 27-608 §~~
14 27-611 of this subtitle, as it relates to motor vehicle liability insurance.

15 SECTION ~~2-3~~ 3. AND BE IT FURTHER ENACTED, That this Act shall be
16 construed to apply to all personal and commercial lines of property and casualty
17 insurance issued, delivered, or renewed on or after the effective date of this Act.

18 SECTION ~~3-4~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take
19 effect October 1, 2005.