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

Introduced and read first time: January 19, 2005

Rules suspended

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Workers' Compensation - Cancellation or Nonrenewal of**  
3 **Policies**

4 FOR the purpose of clarifying certain provisions relating to the nonrenewal of  
5 workers' compensation policies; requiring an insurer to give a certain notice to  
6 certain employers at least a certain number of days before cancellation of a  
7 workers' compensation policy for nonpayment of premium; requiring an insurer  
8 to file a copy of certain notices with the State Workers' Compensation  
9 Commission; and generally relating to workers' compensation.

10 BY repealing and reenacting, with amendments,

11 Article - Insurance

12 Section 19-406

13 Annotated Code of Maryland

14 (2002 Replacement Volume and 2004 Supplement)

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

17 **Article - Insurance**

18 19-406.

19 (a) [An] EXCEPT FOR A CANCELLATION FOR NONPAYMENT OF PREMIUM, AN  
20 insurer may not cancel OR REFUSE TO RENEW a workers' compensation insurance  
21 policy before its expiration unless, at least 30 days before the date of cancellation OR  
22 NONRENEWAL, the insurer:

23 (1) serves on the employer, by personal service or certified mail  
24 addressed to the last known address of the employer, a notice of intention to cancel OR  
25 NONRENEW the policy; and

1 (2) files a copy of the notice with the State Workers' Compensation  
2 Commission.

3 (b) Notice under this section may be given:

4 (1) if the employer is a corporation, to an agent or officer of the  
5 corporation on whom legal process may be served; and

6 (2) if the employer is a partnership, to a partner.

7 (c) Notice under this section shall state when the cancellation OR  
8 NONRENEWAL takes effect.

9 (d) Whenever an employer receives a notice under this section, the employer  
10 immediately shall secure coverage in accordance with § 9-402 of the Labor and  
11 Employment Article that will be in effect when the cancellation takes effect.

12 (E) (1) AT LEAST 10 DAYS BEFORE THE DATE OF CANCELLATION OF A  
13 WORKERS' COMPENSATION INSURANCE POLICY FOR NONPAYMENT OF PREMIUM,  
14 THE INSURER SHALL SEND TO THE EMPLOYER, BY CERTIFIED MAIL, A WRITTEN  
15 NOTICE OF THE INTENTION TO CANCEL FOR NONPAYMENT OF PREMIUM.

16 (2) AN INSURER SHALL FILE A COPY OF THE NOTICE SENT UNDER  
17 SUBSECTION (E)(1) WITH THE STATE WORKERS' COMPENSATION COMMISSION.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take  
19 effect October 1, 2005.