
By: **Delegates Feldman, Miller, and Krebs**
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House action: Adopted
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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; requiring certain insurers to
12 maintain a certain proof of mailing in a certain form; prohibiting the Maryland
13 Insurance Commissioner from disallowing certain proposed actions because of
14 certain deficiencies in a statement of reasons for cancellation or refusal to
15 renew; providing that certain information is privileged and does not constitute
16 grounds for an action against certain persons; altering certain requirements for
17 notice relating to premium amounts; requiring a reasonable estimate of a
18 renewal policy premium under certain circumstances; defining certain terms;
19 providing for the application of this Act; providing for a delayed effective date;
20 and generally relating to certain requirements relating to notice, cancellation,
21 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 2005 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 2005 Supplement)

7 BY repealing and reenacting, with amendments,

8 Article - Insurance

9 Section 27-601 through 27-603 and 27-606 through 27-609

10 Annotated Code of Maryland

11 (2002 Replacement Volume and 2005 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 2005 Supplement)

17 BY repealing

18 Article - Insurance

19 Section 27-604

20 Annotated Code of Maryland

21 (2002 Replacement Volume and 2005 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 A BINDER OR POLICY, OTHER THAN A

31 RENEWAL POLICY, OF PRIVATE PASSENGER MOTOR VEHICLE, HOMEOWNERS,

32 DWELLING, CREDIT LOSS, OR COMMERCIAL PROPERTY INSURANCE OR LIABILITY

33 INSURANCE.

34 (B) A BINDER OR POLICY IS SUBJECT TO A 45-DAY UNDERWRITING PERIOD

35 BEGINNING ON THE EFFECTIVE DATE OF COVERAGE.

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

4 (D) IF APPLICABLE, AT THE TIME OF APPLICATION OR WHEN A BINDER OR
5 POLICY IS ISSUED, AN INSURER SHALL PROVIDE WRITTEN NOTICE OF ITS ABILITY TO
6 CANCEL A BINDER OR POLICY DURING THE UNDERWRITING PERIOD.

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

8 (1) BE IN WRITING;

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

11 (3) STATE CLEARLY AND SPECIFICALLY THE INSURER'S ACTUAL
12 REASON FOR THE CANCELLATION.

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

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

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

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

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

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

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

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

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

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

30 (iv) a provision that the binder may not be canceled within the term
31 of the binder unless the lender and the insured borrower receive written notice at
32 least [10] 15 days before the cancellation;

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

1 (vi) the amount of coverage.

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

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

6 (ii) within [30] 45 days after the date the binder was given, shall
7 issue a policy of insurance or provide the required notice of cancellation of the binder.
8 27-601.

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

10 (1) life insurance;

11 (2) health insurance;

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

14 (4) surety insurance.]

15 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
16 INDICATED.

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

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

23 (I) POLICIES ISSUED BY THE MARYLAND AUTOMOBILE
24 INSURANCE FUND;

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

26 (III) WORKERS' COMPENSATION INSURANCE; OR

27 (IV) TITLE INSURANCE.

28 (C) (1) "PERSONAL INSURANCE" MEANS PROPERTY INSURANCE OR
29 CASUALTY INSURANCE ISSUED TO AN INDIVIDUAL, TRUST, ESTATE, OR SIMILAR
30 ENTITY THAT IS INTENDED TO INSURE AGAINST LOSS ARISING PRINCIPALLY FROM
31 THE PERSONAL, NONCOMMERCIAL ACTIVITIES OF THE INSURED.

32 (2) "PERSONAL INSURANCE" DOES NOT INCLUDE:

1 (I) MOTOR VEHICLE LIABILITY INSURANCE POLICIES SUBJECT TO
2 § ~~27-609~~ 27-613 OF THIS SUBTITLE;

3 (II) POLICIES ISSUED BY THE MARYLAND AUTOMOBILE
4 INSURANCE FUND;

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

6 (IV) SURETY INSURANCE.

7 27-602.

8 (A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF PERSONAL
9 INSURANCE.

10 (2) THIS SECTION DOES NOT APPLY TO POLICIES IN EFFECT FOR 45 DAYS
11 OR LESS, AS PROVIDED IN § 12-106 OF THIS ARTICLE.

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

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

20 (i) be in writing;

21 (ii) contain the current address and telephone number of the offices
22 of the appropriate plan; and

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

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

31 (2) AN INSURER SHALL MAINTAIN PROOF OF MAILING IN A FORM
32 AUTHORIZED OR ACCEPTED BY THE UNITED STATES POSTAL SERVICE.

33 (2) (3) Notice given to the insured by an insurance producer on behalf
34 of the insurer is deemed to have been given by the insurer for purposes of this
35 subsection.

1 (3) (4) Notwithstanding paragraph (2) (3) of this subsection, no notice
2 is required under this section if the [insurance producer] INSURED has replaced the
3 insurance.

4 (d) At least 10 days before the date an insurer proposes to cancel a policy for
5 nonpayment of premium, the insurer shall [cause to be sent] SEND to the insured, by
6 certificate of ~~mailing~~ MAIL, a written notice of intention to cancel for nonpayment of
7 premium.

8 27-603.

9 (A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF COMMERCIAL
10 INSURANCE.

11 (2) THIS SECTION DOES NOT APPLY TO:

12 (I) POLICIES IN EFFECT FOR 45 DAYS OR LESS, AS PROVIDED IN §
13 12-106 OF THIS ARTICLE; OR

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

17 (B) (1) WHENEVER AN INSURER GIVES NOTICE OF ITS INTENTION TO
18 CANCEL OR NOT TO RENEW A POLICY ISSUED IN THIS STATE FOR A REASON OTHER
19 THAN NONPAYMENT OF PREMIUM, THE INSURER SHALL NOTIFY THE INSURED OF
20 THE POSSIBLE RIGHT TO REPLACE THE INSURANCE UNDER THE MARYLAND
21 PROPERTY INSURANCE AVAILABILITY ACT, THROUGH THE MARYLAND AUTOMOBILE
22 INSURANCE FUND, OR THROUGH ANOTHER PLAN FOR WHICH THE INSURED MAY BE
23 ELIGIBLE.

24 (2) THE NOTICE REQUIRED BY PARAGRAPH (1) OF THIS SUBSECTION
25 SHALL:

26 (I) BE IN WRITING;

27 (II) IF APPLICABLE, INCLUDE THE CURRENT ADDRESS AND
28 TELEPHONE NUMBER OF THE OFFICES OF THE JOINT INSURANCE ASSOCIATION, THE
29 MARYLAND AUTOMOBILE INSURANCE FUND, OR OTHER APPROPRIATE PLAN; AND

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

33 (C) (1) AT LEAST 45 DAYS BEFORE THE DATE OF THE PROPOSED
34 CANCELLATION OR EXPIRATION OF THE POLICY, THE INSURER SHALL SEND TO THE
35 INSURED, BY CERTIFICATE OF ~~MAILING~~ MAIL OR BY COMMERCIAL MAIL DELIVERY
36 SERVICE, WRITTEN NOTICE OF INTENTION TO CANCEL FOR A REASON OTHER THAN
37 NONPAYMENT OF PREMIUM OR NOTICE OF INTENTION NOT TO RENEW A POLICY
38 ISSUED IN THE STATE.

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

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

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

9 (D) AT LEAST 10 DAYS BEFORE THE DATE AN INSURER PROPOSES TO CANCEL
10 A POLICY FOR NONPAYMENT OF PREMIUM, THE INSURER SHALL SEND TO THE
11 INSURED, BY CERTIFICATE OF ~~MAILING MAIL~~, A WRITTEN NOTICE OF INTENTION TO
12 CANCEL FOR NONPAYMENT OF PREMIUM.

13 (E) (1) IF AN INSURER PROVIDES A RENEWAL POLICY AND NOTICE OF
14 PREMIUM DUE TO AN INSURED AT LEAST 45 DAYS BEFORE THE RENEWAL DATE OF
15 THE POLICY AND THE INSURED FAILS TO MAKE THE REQUIRED PAYMENT BY THE
16 RENEWAL DATE, THE INSURER MAY TERMINATE THE POLICY ON THE RENEWAL
17 DATE FOR NONPAYMENT OF PREMIUM AFTER SENDING TO THE INSURED, BY
18 CERTIFICATE OF ~~MAILING MAIL~~, A WRITTEN OFFER TO REINSTATE THE RENEWAL
19 POLICY WITHOUT LAPSE IN COVERAGE.

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

23 [27-602.] 27-604.

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

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

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

30 (i) life insurance;

31 (ii) health insurance;

32 (iii) motor vehicle liability insurance; or

33 (iv) surety insurance.]

34 (A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF PERSONAL
35 INSURANCE AND INSURANCE ISSUED UNDER THE MARYLAND PROPERTY

1 INSURANCE AVAILABILITY ACT OR ANY SIMILAR ACT INSTITUTED TO ENSURE THE
2 AVAILABILITY OF INSURANCE.

3 (2) THIS SECTION DOES NOT APPLY TO POLICIES IN EFFECT FOR 45 DAYS
4 OR LESS, AS PROVIDED IN § 12-106 OF THIS ARTICLE.

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

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

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

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

16 (II) SURPLUS INFORMATION, IF THE SURPLUS INFORMATION IS
17 NOT MISLEADING; OR

18 (III) ERRONEOUS INFORMATION, IF IN THE ABSENCE OF THE
19 ERRONEOUS INFORMATION THERE IS A SUFFICIENT BASIS TO SUPPORT THE
20 PROPOSED ACTION.

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

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

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

31 27-605.

32 (A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF COMMERCIAL
33 INSURANCE.

34 (2) THIS SECTION DOES NOT APPLY TO:

35 (I) POLICIES IN EFFECT FOR 45 DAYS OR LESS, AS PROVIDED IN §
36 12-106 OF THIS ARTICLE; OR

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

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

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

11 (3) THE STATEMENT SHALL INCLUDE THE INSURER'S OFFER TO
12 PROVIDE ADDITIONAL INFORMATION IN SUPPORT OF THE PROPOSED ACTION UPON
13 THE WRITTEN REQUEST OF THE INSURED AND AN ADDRESS FOR THE INSURED TO
14 SUBMIT THE REQUEST.

15 (4) A WRITTEN REQUEST FOR INFORMATION UNDER THIS SUBSECTION
16 SHALL BE SENT NOT MORE THAN 30 DAYS FROM THE DATE OF THE NOTICE
17 CONTAINING THE ACTUAL REASON.

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

22 (6) EXCEPT AS PROVIDED IN § 27-501 OF THIS ARTICLE, A REQUEST FOR
23 ADDITIONAL INFORMATION UNDER THIS SECTION DOES NOT STAY THE PROPOSED
24 ACTION.

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

27 (1) GRAMMATICAL, TYPOGRAPHICAL, OR OTHER ERRORS, IF THE
28 ERRORS ARE NOT MATERIAL TO THE PROPOSED ACTION AND ARE NOT MISLEADING;

29 (2) SURPLUS INFORMATION, IF THE SURPLUS INFORMATION IS NOT
30 MISLEADING; OR

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

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

1 [27-603.] 27-606.

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

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

9 (i) the impairment of the insurer;

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

11 (iii) significant financial losses to the insurer.

12 (3) For health insurance:

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

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

21 (b) The plan of withdrawal shall contain:

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

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

25 (ii) financial losses of the insurer; or

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

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

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

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

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

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

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

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

13 (iii) includes any other information that the Commissioner
14 reasonably requires.

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

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

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

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

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

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

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

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

36 (i) shall require the insurer to provide the necessary information;
37 and

1 (ii) may extend the period for approval until the information is
2 provided.

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

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

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

11 [27-604.

12 (a) This section does not apply to:

13 (1) life insurance;

14 (2) health insurance;

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

17 (4) surety insurance;

18 (5) insurance written or issued by the Maryland Automobile Insurance
19 Fund; or

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

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

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

28 27-607.

29 (A) THIS SECTION APPLIES ONLY TO POLICIES OF PERSONAL INSURANCE AND
30 INSURANCE ISSUED UNDER THE MARYLAND PROPERTY INSURANCE AVAILABILITY
31 ACT OR ANY SIMILAR ACT INSTITUTED TO ENSURE THE AVAILABILITY OF PROPERTY
32 INSURANCE.

33 (B) AT LEAST 45 DAYS PRIOR TO THE RENEWAL DATE OF A POLICY SUBJECT
34 TO THIS SECTION, THE INSURER SHALL SEND A NOTICE TO THE ~~FIRST~~ NAMED
35 INSURED AND THE INSURANCE PRODUCER, IF ANY, BY FIRST-CLASS MAIL STATING

1 BOTH THE AMOUNT OF THE RENEWAL POLICY PREMIUM AND THE AMOUNT OF THE
2 EXPIRING POLICY PREMIUM.

3 27-608.

4 (A) THIS SECTION APPLIES ONLY TO POLICIES OF COMMERCIAL INSURANCE.

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

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

11 (1) BOTH THE EXPIRING POLICY PREMIUM AND THE RENEWAL POLICY
12 PREMIUM; AND

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

16 (D) (1) IF AN INSURER'S RATING METHODOLOGY REQUIRES THE INSURED
17 TO PROVIDE INFORMATION TO CALCULATE THE RENEWAL POLICY PREMIUM, AN
18 INSURER SHALL PROVIDE A REASONABLE ESTIMATE OF THE RENEWAL POLICY
19 PREMIUM IF:

20 (I) THE INSURER HAS REQUESTED THE REQUIRED INFORMATION
21 FROM THE INSURED; AND

22 (II) THE INSURER HAS NOT RECEIVED THE REQUESTED
23 INFORMATION.

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

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

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

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

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

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

34 (5) AN AUDIT OF THE INSURED.

1 (F) A NOTICE REQUIRED BY THIS SECTION SHALL BE SENT BY FIRST-CLASS
2 MAIL AND MAY BE SENT TOGETHER WITH THE RENEWAL POLICY.

3 [27-606.] 27-609.

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

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

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

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

28 (1) the excluded operator or user;

29 (2) the vehicle owner;

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

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

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

1 [27-607.] 27-610.

2 (a) (1) THIS SECTION APPLIES ONLY TO POLICIES OF PERSONAL
3 INSURANCE AND PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE
4 POLICIES SUBJECT TO § 27-613 OF THIS SUBTITLE.

5 [(1)] (2) Unless an insurer has provided notice of its intention not to
6 renew a policy in compliance with [§ 27-601, § 27-603, or § 27-605 of] this subtitle,
7 the insurer must provide each policyholder with notice of renewal premium due at
8 least 17 days before the due date.

9 [(2)] (3) A licensed insurance producer may provide notice under
10 paragraph [(1)] (2) of this subsection on behalf of the insurer.

11 [(3)] (4) The duty to provide notice under paragraph [(1)] (2) of this
12 subsection is deemed discharged if:

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

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

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

20 (1) provide coverage for each claim that:

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

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

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

26 [27-608.] 27-611.

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

1 [27-609.] 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, [or] § 27-606, § 27-607, § 27-608, § 27-610,
4 OR § 27-613 of this subtitle, the insurer is liable to the applicant for the coverage that
5 was requested, or that would have become effective except for the failure to comply
6 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 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 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 January 1, 2007.