
By: **Delegate Marriott**

Introduced and read first time: February 10, 2006

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Homeowner's Insurance and Motor Vehicle Liability Insurance**
3 **Policies - Notices of Cancellation and Nonrenewal**

4 FOR the purpose of requiring an insurer that issues a policy of homeowner's
5 insurance or motor vehicle liability insurance in the State to send a certain
6 notice of intention to cancel or not to renew the policy by certified mail, return
7 receipt requested, bearing a postmark from the United States Postal Service,
8 under certain circumstances; providing for the application of this Act; and
9 generally relating to homeowner's insurance and motor vehicle liability
10 insurance policies.

11 BY repealing and reenacting, with amendments,
12 Article - Insurance
13 Section 27-601 and 27-605(c)(1) and (d)
14 Annotated Code of Maryland
15 (2002 Replacement Volume and 2005 Supplement)

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

18 **Article - Insurance**

19 27-601.

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

21 (1) life insurance;

22 (2) health insurance;

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

25 (4) surety insurance.

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

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

9 (i) be in writing;

10 (ii) contain the current address and telephone number of the offices
11 of the appropriate plan; and

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

15 (c) (1) [At] EXCEPT AS PROVIDED IN SUBSECTION (D) OF THIS SECTION, AT
16 least 45 days before the date of the proposed cancellation or expiration of the policy,
17 the insurer shall cause to be sent to the insured, by certificate of mailing, a written
18 notice of intention to cancel for a reason other than nonpayment of premium or notice
19 of intention not to renew a policy issued in the State.

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

22 (3) Notwithstanding paragraph (2) of this subsection, no notice is
23 required under this section if the insurance producer has replaced the insurance.

24 (D) AT LEAST 45 DAYS BEFORE THE DATE OF THE PROPOSED CANCELLATION
25 OR EXPIRATION OF A POLICY OF HOMEOWNER'S INSURANCE, THE INSURER SHALL
26 CAUSE TO BE SENT TO THE INSURED, BY CERTIFIED MAIL, RETURN RECEIPT
27 REQUESTED, BEARING A POSTMARK FROM THE UNITED STATES POSTAL SERVICE, A
28 WRITTEN NOTICE OF INTENTION TO CANCEL FOR A REASON OTHER THAN
29 NONPAYMENT OF PREMIUM OR NOTICE OF INTENTION NOT TO RENEW A POLICY
30 ISSUED IN THE STATE.

31 [(d)] (E) [At] EXCEPT AS PROVIDED IN SUBSECTION (F) OF THIS SECTION, AT
32 least 10 days before the date an insurer proposes to cancel a policy for nonpayment of
33 premium, the insurer shall cause to be sent to the insured, by certificate of mailing, a
34 written notice of intention to cancel for nonpayment of premium.

35 (F) AT LEAST 10 DAYS BEFORE THE DATE AN INSURER PROPOSES TO CANCEL
36 A POLICY OF HOMEOWNER'S INSURANCE FOR NONPAYMENT OF PREMIUM, THE
37 INSURER SHALL CAUSE TO BE SENT TO THE INSURED, BY CERTIFIED MAIL, RETURN
38 RECEIPT REQUESTED, BEARING A POSTMARK FROM THE UNITED STATES POSTAL
39 SERVICE, A WRITTEN NOTICE OF INTENTION TO CANCEL FOR NONPAYMENT OF
40 PREMIUM.

1 27-605.

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

5 (i) for notice of cancellation or nonrenewal, by certified mail,
6 RETURN RECEIPT REQUESTED, BEARING A POSTMARK FROM THE UNITED STATES
7 POSTAL SERVICE; and

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

10 (d) At least 10 days before the date an insurer proposes to cancel a policy for
11 nonpayment of premium, the insurer shall cause to be sent to the insured, by
12 [certificate of mailing] CERTIFIED MAIL, RETURN RECEIPT REQUESTED, BEARING A
13 POSTMARK OF THE UNITED STATES POSTAL SERVICE, a written notice of intention to
14 cancel for nonpayment of premium.

15 SECTION 2. AND BE IT FURTHER ENACTED, That this Act applies to notices
16 of cancellation or nonrenewal of homeowner's insurance and motor vehicle liability
17 insurance policies that are sent on or after October 1, 2006.

18 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
19 October 1, 2006.