
By: ~~Delegate Burns~~ **Delegates Burns and Conrov**

Introduced and read first time: February 10, 2006

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 19, 2006

CHAPTER _____

1 AN ACT concerning

2 **Homeowner's Personal Insurance - Premium Increase - Notice**

3 FOR the purpose of requiring ~~insurers that intend to increase the premium for a~~
 4 ~~policy of homeowner's insurance to notify the insured in a certain manner; and~~
 5 ~~generally relating to premium increases for homeowner's insurance~~ certain
 6 insurers to send a certain notice to a certain insured and insurance producer, if
 7 any, stating the amount of a certain renewal policy premium and the amount of
 8 a certain expiring policy premium in a certain manner; defining a certain term;
 9 and generally relating to personal insurance and notices of premium.

10 BY renumbering

11 Article - Insurance

12 Section 27-601

13 to be Section 27-601.1

14 Annotated Code of Maryland

15 (2002 Replacement Volume and 2005 Supplement)

16 BY adding to

17 Article - Insurance

18 Section 27-601 and 27-604.1

19 Annotated Code of Maryland

20 (2002 Replacement Volume and 2005 Supplement)

21 BY repealing and reenacting, without amendments,

22 Article - Insurance

23 Section 27-604

1 Annotated Code of Maryland
2 (2002 Replacement Volume and 2005 Supplement)

3 ~~BY adding to~~
4 ~~Article - Insurance~~
5 ~~Section 27-604.1~~
6 ~~Annotated Code of Maryland~~
7 ~~(2002 Replacement Volume and 2005 Supplement)~~

8 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
9 MARYLAND, That Section(s) 27-601 of Article - Insurance of the Annotated Code of
10 Maryland be renumbered to be Section(s) 27-601.1.

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

13 **Article - Insurance**

14 27-601.

15 IN THIS SUBTITLE:

16 (1) "PERSONAL INSURANCE" MEANS PROPERTY INSURANCE OR
17 CASUALTY INSURANCE ISSUED TO AN INDIVIDUAL, TRUST, ESTATE, OR SIMILAR
18 ENTITY THAT IS INTENDED TO INSURE AGAINST LOSS ARISING PRINCIPALLY FROM
19 THE PERSONAL, NONCOMMERCIAL ACTIVITIES OF THE INSURED.

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

21 (I) MOTOR VEHICLE LIABILITY INSURANCE POLICIES SUBJECT TO
22 § 27-605 OF THIS SUBTITLE;

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

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

26 (IV) SURETY INSURANCE.

27 27-604.

28 (a) This section does not apply to:

29 (1) life insurance;

30 (2) health insurance;

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

1 (4) surety insurance;

2 (5) insurance written or issued by the Maryland Automobile Insurance
3 Fund; or

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

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

10 (c) The notice shall be sent by first-class mail to the insured and insurance
11 producer at least 45 days before the effective date of the proposed premium increase.
12 27-604.1.

13 ~~(A) NOTWITHSTANDING THE REQUIREMENTS OF § 27-604 OF THIS SUBTITLE,~~
14 ~~WHENEVER AN INSURER INTENDS TO INCREASE THE PREMIUM FOR A POLICY OF~~
15 ~~HOMEOWNER'S INSURANCE WRITTEN IN THE STATE, THE INSURER SHALL NOTIFY~~
16 ~~THE INSURED OF THE INCREASE.~~

17 ~~(B) THE NOTICE SHALL BE SENT BY FIRST CLASS MAIL TO THE INSURED AT~~
18 ~~LEAST 45 DAYS BEFORE THE EFFECTIVE DATE OF THE PROPOSED PREMIUM~~
19 ~~INCREASE.~~

20 (A) THIS SECTION APPLIES ONLY TO POLICIES OF PERSONAL INSURANCE AND
21 INSURANCE ISSUED UNDER THE MARYLAND PROPERTY INSURANCE AVAILABILITY
22 ACT OR ANY SIMILAR ACT INSTITUTED TO ENSURE THE AVAILABILITY OF PROPERTY
23 INSURANCE.

24 (B) NOTWITHSTANDING THE REQUIREMENTS OF § 27-604 OF THIS SUBTITLE,
25 AT LEAST 45 DAYS PRIOR TO THE RENEWAL DATE OF A POLICY SUBJECT TO THIS
26 SECTION, THE INSURER SHALL SEND A NOTICE TO THE NAMED INSURED AND THE
27 INSURANCE PRODUCER, IF ANY, BY FIRST-CLASS MAIL STATING BOTH THE AMOUNT
28 OF THE RENEWAL POLICY PREMIUM AND THE AMOUNT OF THE EXPIRING POLICY
29 PREMIUM.

30 SECTION ~~2~~ 3. AND BE IT FURTHER ENACTED, That this Act shall take
31 effect ~~October 1, 2006~~ January 1, 2007.

