
By: **Senator Astle**

Introduced and read first time: January 13, 2006

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Prior Approval Rating Law - Exempt Commercial Policyholders**

3 FOR the purpose of altering the annual property and casualty insurance premium
4 dollar amount threshold above which certain insurance policy forms and
5 endorsements issued to certain commercial policyholders are exempt from
6 certain form filing requirements under prior approval insurance rating law;
7 altering a certain definition; and generally relating to prior approval insurance
8 rating law.

9 BY repealing and reenacting, with amendments,
10 Article - Insurance
11 Section 11-206(j)
12 Annotated Code of Maryland
13 (2003 Replacement Volume and 2005 Supplement)

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

16 **Article - Insurance**

17 11-206.

18 (j) (1) In this subsection, "exempt commercial policyholder" means a person
19 that:

20 (i) pays annual aggregate property and casualty premiums for
21 commercial insurance policies issued in the State during the current or preceding
22 calendar year of [\$75,000] \$25,000 or more; and

23 (ii) meets any two of the following criteria:

24 1. generates annual revenues or sales in excess of
25 \$10,000,000;

26 2. possesses a net worth in excess of \$5,000,000;

- 1 3. employs at least 25 full-time employees;
2 4. is a nonprofit organization or public body with an annual
3 budget of at least \$10,000,000; or
4 5. is a municipal corporation with a population of at least
5 15,000.

6 (2) The filing requirements of this section do not apply to policy forms
7 and endorsements and to modifications of policy forms and endorsements issued to an
8 exempt commercial policyholder.

9 (3) (i) An exempt commercial policyholder must certify in writing, on a
10 form approved by the Commissioner, to the insurer issuing coverage and the
11 Commissioner that it meets the criteria necessary for exemption from form filing
12 requirements.

13 (ii) The certification must include:

- 14 1. specific reference to the optional criteria that the insured
15 has satisfied to qualify as an exempt commercial policyholder;
16 2. information required by the Commissioner for the purpose
17 of determining the annual aggregate premiums of the insured for purposes of
18 paragraph (1)(i) of this subsection; and
19 3. an acknowledgment by the insured that the policy form,
20 endorsement, or modification intended for use has not been filed with the
21 Commissioner.

22 (4) This subsection does not apply to the filing of workers' compensation
23 insurance policy forms.

24 (5) The Commissioner may require, by regulation, that insurers provide
25 information to the Administration on the number and types of policies written for
26 exempt commercial policyholders under this subsection.

27 (6) On written request of the Commissioner, an insurer shall file with
28 the Commissioner a form or endorsement issued to an exempt commercial
29 policyholder.

30 (7) Except for the exemption from form filing requirements under this
31 section, a form or endorsement issued to an exempt commercial policyholder is subject
32 to all applicable provisions of this article.

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 October 1, 2006.