
By: **Senator Astle**

Introduced and read first time: January 13, 2006

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: January 31, 2006

CHAPTER_____

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

- 1 (ii) meets any two of the following criteria:
- 2 1. generates annual revenues or sales in excess of
3 \$10,000,000;
- 4 2. possesses a net worth in excess of \$5,000,000;
- 5 3. employs at least 25 full-time employees;
- 6 4. is a nonprofit organization or public body with an annual
7 budget of at least \$10,000,000; or
- 8 5. is a municipal corporation with a population of at least
9 15,000.

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

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

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

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

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

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

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

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