
By: **Senator Exum**

Introduced and read first time: January 25, 2006

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Automobile Insurance Fund - Premium Rates - Prohibition of**
3 **Subsidy**

4 FOR the purpose of prohibiting the Insurance Commissioner from approving a
5 premium rate filed by the Maryland Automobile Insurance Fund that is not
6 actuarially justified or that allows for a subsidy to one geographic region or
7 territory; and generally relating to the prohibition of approval of certain
8 premium rates filed by the Maryland Automobile Insurance Fund.

9 BY repealing and reenacting, without amendments,
10 Article - Insurance
11 Section 20-507(a), (b), and (c)
12 Annotated Code of Maryland
13 (2002 Replacement Volume and 2005 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article - Insurance
16 Section 20-507(d)
17 Annotated Code of Maryland
18 (2002 Replacement Volume and 2005 Supplement)

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

21 **Article - Insurance**

22 20-507.

23 (a) Subject to the approval of the Commissioner, the Executive Director shall
24 determine the premiums to be charged on policies issued by the Fund.

25 (b) (1) Except as provided in subsection (c) of this section, the provisions of
26 Title 11, Subtitle 2 of this article apply to the determination of premiums by the
27 Executive Director.

1 (2) Notwithstanding Title 11, Subtitle 2 of this article or any other
2 provision of this title, the Executive Director may base premiums on one or both of the
3 following items:

4 (i) the number of points accumulated by an insured or applicant
5 for insurance under the point system provided for in Title 16, Subtitle 4 of the
6 Transportation Article; or

7 (ii) the prior claims experience of an insured or applicant for
8 insurance.

9 (c) (1) Premiums for all commercial coverage shall be determined in
10 accordance with this section and § 20-508 of this subtitle.

11 (2) Notwithstanding paragraph (1) of this subsection, the rating
12 principles under subsection (d) of this section may not be used to determine the
13 premium for commercial coverage.

14 (d) (1) In reviewing rates filed by the Fund, the Commissioner shall
15 consider not only the rating principles under Title 11, Subtitle 2 of this article but also
16 the statutory purpose of the Fund under § 20-301 of this title.

17 (2) THE COMMISSIONER MAY NOT APPROVE A RATE THAT IS NOT
18 ACTUARIALLY JUSTIFIED OR THAT ALLOWS FOR A SUBSIDY TO ONE GEOGRAPHIC
19 REGION OR TERRITORY.

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