
By: **Senator Astle**

Introduced and read first time: February 15, 2006

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Notice - Cancellation, Nonrenewal, and Premiums**

3 FOR the purpose of altering certain requirements relating to certain binders or
4 insurance policies; making certain binders or insurance policies subject to a
5 certain underwriting period; authorizing an insurer to cancel certain binders or
6 insurance policies under certain circumstances; altering certain requirements
7 for insurers to give notice in a certain manner of an intention to cancel or not to
8 renew; altering the time period in which an insurer is required to issue a policy
9 or provide notice of cancellation of a binder; altering certain requirements for
10 insurers to provide certain statements of the actual reasons for cancellation or
11 refusal to renew certain insurance policies; prohibiting the Maryland Insurance
12 Commissioner from disallowing certain proposed actions because of certain
13 deficiencies in a statement of reasons for cancellation or refusal to renew;
14 providing that certain information is privileged and does not constitute grounds
15 for an action against certain persons; altering certain requirements for notice
16 relating to premium amounts; requiring a reasonable estimate of a renewal
17 policy premium under certain circumstances; defining certain terms; providing
18 for the application of this Act; providing for a delayed effective date; and
19 generally relating to certain requirements relating to notice, cancellation,
20 nonrenewal, and premiums of insurance policies and binders.

21 BY renumbering

22 Article - Insurance

23 Section 27-605

24 to be Section 27-613

25 Annotated Code of Maryland

26 (2002 Replacement Volume and 2005 Supplement)

27 BY repealing and reenacting, with amendments,

28 Article - Insurance

29 Section 12-106

30 Annotated Code of Maryland

31 (2003 Replacement Volume and 2005 Supplement)

1 BY repealing and reenacting, with amendments,
2 Article - Insurance
3 Section 27-601 through 27-603 and 27-606 through 27-609
4 Annotated Code of Maryland
5 (2002 Replacement Volume and 2005 Supplement)

6 BY adding to
7 Article - Insurance
8 Section 27-603, 27-605, 27-607, and 27-608
9 Annotated Code of Maryland
10 (2002 Replacement Volume and 2005 Supplement)

11 BY repealing
12 Article - Insurance
13 Section 27-604
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 Section(s) 27-605 of Article - Insurance of the Annotated Code of
18 Maryland be renumbered to be Section(s) 27-613.

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

21 **Article - Insurance**

22 12-106.

23 [(a) This section does not apply to life insurance or health insurance.]

24 (A) THIS SECTION APPLIES ONLY TO A BINDER OR POLICY, OTHER THAN A
25 RENEWAL POLICY, OF PRIVATE PASSENGER MOTOR VEHICLE, HOMEOWNERS, OR
26 COMMERCIAL PROPERTY INSURANCE OR LIABILITY INSURANCE.

27 (B) A BINDER OR POLICY IS SUBJECT TO A 45-DAY UNDERWRITING PERIOD
28 BEGINNING ON THE EFFECTIVE DATE OF COVERAGE.

29 (C) AN INSURER MAY CANCEL A BINDER OR POLICY DURING THE
30 UNDERWRITING PERIOD IF THE RISK DOES NOT MEET THE UNDERWRITING
31 STANDARDS OF THE INSURER.

32 (D) IF APPLICABLE, AT THE APPLICATION OR WHEN A BINDER OR POLICY IS
33 ISSUED, AN INSURER SHALL PROVIDE WRITTEN NOTICE OF ITS ABILITY TO CANCEL A
34 BINDER OR POLICY DURING THE UNDERWRITING PERIOD.

35 (E) A NOTICE OF CANCELLATION UNDER THIS SECTION SHALL:

- 1 (1) BE IN WRITING;
- 2 (2) HAVE AN EFFECTIVE DATE NOT LESS THAN 15 DAYS AFTER MAILING;
- 3 AND
- 4 (3) STATE THE INSURER'S ACTUAL REASON FOR THE CANCELLATION.
- 5 [(b)] (F) A binder or other contract for temporary insurance:
- 6 (1) may be made orally or in writing; and
- 7 (2) except as superseded by the clear and express terms of the binder, is
- 8 considered to include:
- 9 (i) all the usual terms of the policy as to which the binder was
- 10 given; and
- 11 (ii) the applicable endorsements designated in the binder.
- 12 [(c)] (G) A binder is no longer valid after the policy as to which it was given is
- 13 issued.
- 14 [(d)] (H) (1) If a binder is given to a consumer borrower to satisfy a lender's
- 15 requirement that the borrower obtain property insurance or credit loss insurance as a
- 16 condition of making a loan secured by a first mortgage or first deed of trust on an
- 17 interest in owner-occupied residential real property, the insurer or its insurance
- 18 producer shall include in or with the binder:
- 19 (i) the name and address of the insured consumer borrower;
- 20 (ii) the name and address of the lender;
- 21 (iii) a description of the insured residential real property;
- 22 (iv) a provision that the binder may not be canceled within the term
- 23 of the binder unless the lender and the insured borrower receive written notice at
- 24 least [10] 15 days before the cancellation;
- 25 (v) except in the case of the renewal of a policy after the closing of
- 26 a loan, a paid receipt for the full amount of the applicable premium; and
- 27 (vi) the amount of coverage.
- 28 (2) With respect to a binder given under this subsection, an insurer:
- 29 (i) if the binder is to be canceled, shall give the lender and the
- 30 insured consumer borrower at least [10] 15 days' written notice before the
- 31 cancellation; and
- 32 (ii) within [30] 45 days after the date the binder was given, shall
- 33 issue a policy of insurance or provide the required notice of cancellation of the binder.

1 27-601.

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

3 (1) life insurance;

4 (2) health insurance;

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

7 (4) surety insurance.]

8 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
9 INDICATED.

10 (B) (1) "COMMERCIAL INSURANCE" MEANS PROPERTY INSURANCE OR
11 CASUALTY INSURANCE ISSUED TO AN INDIVIDUAL, A SOLE PROPRIETOR,
12 PARTNERSHIP, CORPORATION, LIMITED LIABILITY COMPANY, OR SIMILAR ENTITY
13 AND INTENDED TO INSURE AGAINST LOSS ARISING FROM THE BUSINESS PURSUITS
14 OF THE INSURED ENTITY.

15 (2) "COMMERCIAL INSURANCE" DOES NOT INCLUDE:

16 (I) POLICIES ISSUED BY THE MARYLAND AUTOMOBILE
17 INSURANCE FUND;

18 (II) POLICIES ISSUED BY THE JOINT INSURANCE ASSOCIATION;

19 (III) WORKERS' COMPENSATION INSURANCE; OR

20 (IV) TITLE INSURANCE.

21 (C) (1) "PERSONAL INSURANCE" MEANS PROPERTY INSURANCE OR
22 CASUALTY INSURANCE ISSUED TO AN INDIVIDUAL, TRUST, ESTATE, OR SIMILAR
23 ENTITY THAT IS INTENDED TO INSURE AGAINST LOSS ARISING PRINCIPALLY FROM
24 THE PERSONAL, NONCOMMERCIAL ACTIVITIES OF THE INSURED.

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

26 (I) MOTOR VEHICLE LIABILITY INSURANCE POLICIES SUBJECT TO
27 § 27-609 OF THIS SUBTITLE;

28 (II) POLICIES ISSUED BY THE MARYLAND AUTOMOBILE
29 INSURANCE FUND;

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

31 (IV) SURETY INSURANCE.

1 27-602.

2 (A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF PERSONAL
3 INSURANCE.

4 (2) THIS SECTION DOES NOT APPLY TO POLICIES IN EFFECT FOR 45 DAYS
5 OR LESS, AS PROVIDED IN § 12-106 OF THIS ARTICLE.

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

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

14 (i) be in writing;

15 (ii) contain the current address and telephone number of the offices
16 of the appropriate plan; and

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

20 (c) (1) At least 45 days before the date of the proposed cancellation or
21 expiration of the policy, the insurer shall [cause to be sent] SEND to the insured, by
22 certificate of mailing, a written notice of intention to cancel for a reason other than
23 nonpayment of premium or notice of intention not to renew a policy issued in the
24 State.

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

27 (3) Notwithstanding paragraph (2) of this subsection, no notice is
28 required under this section if the [insurance producer] INSURED has replaced the
29 insurance.

30 (d) At least 10 days before the date an insurer proposes to cancel a policy for
31 nonpayment of premium, the insurer shall [cause to be sent] SEND to the insured, by
32 certificate of mailing, a written notice of intention to cancel for nonpayment of
33 premium.

34 27-603.

35 (A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF COMMERCIAL
36 INSURANCE.

1 (2) THIS SECTION DOES NOT APPLY TO:

2 (I) POLICIES IN EFFECT FOR 45 DAYS OR LESS, AS PROVIDED IN §
3 12-106 OF THIS ARTICLE; OR

4 (II) POLICIES ISSUED TO EXEMPT COMMERCIAL POLICYHOLDERS
5 UNDER § 11-206 OF THIS ARTICLE, IF THE POLICIES PROVIDE FOR WRITTEN NOTICE
6 OF NOT LESS THAN 30 DAYS OF THE INSURER'S INTENT TO CANCEL OR NONRENEW.

7 (B) (1) WHENEVER AN INSURER GIVES NOTICE OF ITS INTENTION TO
8 CANCEL OR NOT TO RENEW A POLICY ISSUED IN THIS STATE FOR A REASON OTHER
9 THAN NONPAYMENT OF PREMIUM, THE INSURER SHALL NOTIFY THE INSURED OF
10 THE POSSIBLE RIGHT TO REPLACE THE INSURANCE UNDER THE MARYLAND
11 PROPERTY INSURANCE AVAILABILITY ACT, THROUGH THE MARYLAND AUTOMOBILE
12 INSURANCE FUND, OR THROUGH ANOTHER PLAN FOR WHICH THE INSURED MAY BE
13 ELIGIBLE.

14 (2) THE NOTICE REQUIRED BY PARAGRAPH (1) OF THIS SUBSECTION
15 SHALL:

16 (I) BE IN WRITING;

17 (II) IF APPLICABLE, INCLUDE THE CURRENT ADDRESS AND
18 TELEPHONE NUMBER OF THE OFFICES OF THE JOINT INSURANCE ASSOCIATION, THE
19 MARYLAND AUTOMOBILE INSURANCE FUND, OR OTHER APPROPRIATE PLAN; AND

20 (III) BE SENT TO THE INSURED IN THE SAME MANNER AND AT THE
21 SAME TIME AS THE FIRST WRITTEN NOTICE OF CANCELLATION OR OF INTENTION
22 NOT TO RENEW THAT IS GIVEN OR REQUIRED BY LAW, REGULATION, OR CONTRACT.

23 (C) (1) AT LEAST 45 DAYS BEFORE THE DATE OF THE PROPOSED
24 CANCELLATION OR EXPIRATION OF THE POLICY, THE INSURER SHALL SEND TO THE
25 INSURED, BY CERTIFICATE OF MAILING, WRITTEN NOTICE OF INTENTION TO
26 CANCEL FOR A REASON OTHER THAN NONPAYMENT OF PREMIUM OR NOTICE OF
27 INTENTION NOT TO RENEW A POLICY ISSUED IN THE STATE.

28 (2) THE INSURER SHALL MAINTAIN PROOF OF MAILING IN A FORM
29 AUTHORIZED OR ACCEPTED BY THE UNITED STATES POSTAL SERVICE OR OTHER
30 COMMERCIAL MAIL DELIVERY SERVICE.

31 (3) NOTICE GIVEN TO THE INSURED BY AN INSURANCE PRODUCER ON
32 BEHALF OF THE INSURER IS DEEMED TO HAVE BEEN GIVEN BY THE INSURER FOR
33 THE PURPOSES OF THIS SUBSECTION.

34 (4) NO NOTICE IS REQUIRED UNDER THIS SUBSECTION IF THE INSURED
35 HAS REPLACED THE INSURANCE.

36 (D) AT LEAST 10 DAYS BEFORE THE DATE AN INSURER PROPOSES TO CANCEL
37 A POLICY FOR NONPAYMENT OF PREMIUM, THE INSURER SHALL SEND TO THE

1 INSURED, BY CERTIFICATE OF MAILING, A WRITTEN NOTICE OF INTENTION TO
2 CANCEL FOR NONPAYMENT OF PREMIUM.

3 (E) (1) IF AN INSURER PROVIDES A RENEWAL POLICY AND NOTICE OF
4 PREMIUM DUE TO AN INSURED AT LEAST 45 DAYS BEFORE THE RENEWAL DATE OF
5 THE POLICY AND THE INSURED FAILS TO MAKE THE REQUIRED PAYMENT BY THE
6 RENEWAL DATE, THE INSURER MAY TERMINATE THE POLICY ON THE RENEWAL
7 DATE FOR NONPAYMENT OF PREMIUM AFTER SENDING TO THE INSURED, BY
8 CERTIFICATE OF MAILING, A WRITTEN OFFER TO REINSTATE THE RENEWAL POLICY
9 WITHOUT LAPSE IN COVERAGE.

10 (2) AN OFFER TO REINSTATE UNDER THIS SUBSECTION SHALL PROVIDE
11 NOT LESS THAN 10 DAYS FOR THE INSURED TO MAKE THE REQUIRED PREMIUM
12 PAYMENT.

13 [27-602.] 27-604.

14 [(a) In this section, "applicant" means the person that seeks to purchase a
15 renewal policy or to reinstate a canceled policy.

16 (b) (1) This section applies to the Maryland Property Insurance Availability
17 Act and to any other plans that may be instituted to ensure availability of insurance,
18 unless expressly excluded.

19 (2) This section does not apply to policies of:

20 (i) life insurance;

21 (ii) health insurance;

22 (iii) motor vehicle liability insurance; or

23 (iv) surety insurance.]

24 (A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF PERSONAL
25 INSURANCE AND INSURANCE ISSUED UNDER THE MARYLAND PROPERTY
26 INSURANCE AVAILABILITY ACT OR ANY SIMILAR ACT INSTITUTED TO ENSURE THE
27 AVAILABILITY OF INSURANCE.

28 (2) THIS SECTION DOES NOT APPLY TO POLICIES IN EFFECT FOR 45 DAYS
29 OR LESS, AS PROVIDED IN § 12-106 OF THIS ARTICLE.

30 [(c) (B) (1) Whenever an insurer cancels or refuses to renew a policy
31 subject to this section, the insurer must provide to the [applicant] FIRST NAMED
32 INSURED a statement of the actual reason for the cancellation or refusal to renew [if
33 the authorized premium has been tendered or paid].

34 [(2) Paragraph (1) of this subsection applies to the cancellation of or
35 refusal to renew a binder that has been in effect for at least 15 days or an actual
36 policy that has been issued.]

1 (2) THE COMMISSIONER MAY NOT DISALLOW A PROPOSED ACTION OF
2 AN INSURER BECAUSE THE STATEMENT OF ACTUAL REASON CONTAINS:

3 (I) GRAMMATICAL, TYPOGRAPHICAL, OR OTHER ERRORS, IF THE
4 ERRORS ARE NOT MATERIAL TO THE PROPOSED ACTION AND ARE NOT MISLEADING;

5 (II) SURPLUS INFORMATION, IF THE SURPLUS INFORMATION IS
6 NOT MISLEADING; OR

7 (III) ERRONEOUS INFORMATION, IF IN THE ABSENCE OF THE
8 ERRONEOUS INFORMATION THERE IS A SUFFICIENT BASIS TO SUPPORT THE
9 PROPOSED ACTION.

10 [(d)] (C) A statement of actual reason is privileged and does not constitute
11 grounds for an action against the insurer, its representatives, or another person that
12 in good faith provides to the insurer information on which the statement is based.

13 [(e)] (D) (1) The reason given in the statement of actual reason [must]
14 SHALL be [sufficiently] clear and specific [so that an applicant of reasonable
15 intelligence can identify the basis for the insurer's decision without making further
16 inquiry].

17 (2) The use of generalized terms such as "personal habits", "physical
18 handicap or disability", "living conditions", "poor morals", or "violation or accident
19 record" does not meet the requirement of this subsection.

20 27-605.

21 (A) (1) THIS SECTION APPLIES ONLY TO POLICIES OF COMMERCIAL
22 INSURANCE.

23 (2) THIS SECTION DOES NOT APPLY TO:

24 (I) POLICIES IN EFFECT FOR 45 DAYS OR LESS, AS PROVIDED IN §
25 12-106 OF THIS ARTICLE; OR

26 (II) POLICIES ISSUED TO EXEMPT COMMERCIAL POLICYHOLDERS
27 UNDER § 11-206 OF THIS ARTICLE, IF THE POLICIES PROVIDE FOR WRITTEN NOTICE
28 OF NOT LESS THAN 30 DAYS OF THE INSURER'S INTENT TO CANCEL OR NONRENEW.

29 (B) (1) WHENEVER AN INSURER CANCELS OR REFUSES TO RENEW A POLICY
30 SUBJECT TO THIS SECTION FOR A REASON OTHER THAN NONPAYMENT OF PREMIUM,
31 THE INSURER MUST PROVIDE TO THE FIRST NAMED INSURED A WRITTEN
32 STATEMENT OF THE ACTUAL REASON FOR THE CANCELLATION OR REFUSAL TO
33 RENEW.

34 (2) THE REASON GIVEN IN THE STATEMENT OF ACTUAL REASON SHALL
35 BE CLEAR AND SPECIFIC.

1 (3) THE STATEMENT SHALL INCLUDE THE INSURER'S OFFER TO
2 PROVIDE ADDITIONAL INFORMATION IN SUPPORT OF THE PROPOSED ACTION UPON
3 THE WRITTEN REQUEST OF THE INSURED AND AN ADDRESS FOR THE INSURED TO
4 SUBMIT THE REQUEST.

5 (4) A WRITTEN REQUEST FOR INFORMATION UNDER THIS SUBSECTION
6 SHALL BE SENT NOT MORE THAN 30 DAYS FROM THE DATE OF THE NOTICE
7 CONTAINING THE ACTUAL REASON.

8 (5) ON RECEIVING A WRITTEN REQUEST FROM AN INSURED FOR
9 ADDITIONAL INFORMATION UNDER THIS SUBSECTION AND PRIOR TO THE
10 EFFECTIVE DATE OF THE PROPOSED ACTION, AN INSURER SHALL RESPOND IN
11 WRITING WITHIN 15 DAYS.

12 (6) EXCEPT AS PROVIDED IN § 27-501 OF THIS ARTICLE, A REQUEST FOR
13 ADDITIONAL INFORMATION UNDER THIS SECTION DOES NOT STAY THE PROPOSED
14 ACTION.

15 (C) THE COMMISSIONER MAY NOT DISALLOW A PROPOSED ACTION OF AN
16 INSURER BECAUSE THE STATEMENT OF ACTUAL REASON CONTAINS:

17 (1) GRAMMATICAL, TYPOGRAPHICAL, OR OTHER ERRORS, IF THE
18 ERRORS ARE NOT MATERIAL TO THE PROPOSED ACTION AND ARE NOT MISLEADING;

19 (2) SURPLUS INFORMATION, IF THE SURPLUS INFORMATION IS NOT
20 MISLEADING; OR

21 (3) ERRONEOUS INFORMATION, IF IN THE ABSENCE OF THE
22 ERRONEOUS INFORMATION THERE IS A SUFFICIENT BASIS TO SUPPORT THE
23 PROPOSED ACTION.

24 (D) INFORMATION CONCERNING THE ACTUAL REASON IS PRIVILEGED AND
25 DOES NOT CONSTITUTE GROUNDS FOR AN ACTION AGAINST THE INSURER, THE
26 INSURER'S REPRESENTATIVES, AN INSURANCE PRODUCER, OR ANY OTHER PERSON
27 THAT IN GOOD FAITH PROVIDES INFORMATION ON WHICH THE STATEMENT IS
28 BASED.

29 [27-603.] 27-606.

30 (a) (1) Except for life insurance, health insurance, and annuities, an insurer
31 that intends to cancel or not renew a line of business shall file a plan of withdrawal
32 with the Commissioner at least 180 days before the date of the proposed withdrawal.

33 (2) Notwithstanding paragraph (1) of this subsection, the Commissioner
34 may allow an insurer to file a plan of withdrawal at least 60 days before the date of
35 proposed withdrawal if the Commissioner determines that compliance by the insurer
36 with paragraph (1) of this subsection may result in:

37 (i) the impairment of the insurer;

1 (ii) the loss of or substantial changes in applicable reinsurance; or

2 (iii) significant financial losses to the insurer.

3 (3) For health insurance:

4 (i) an insurer that intends to cancel or not renew a health
5 insurance product, as defined by the Commissioner, for all of its covered insureds in
6 the State shall file a plan of withdrawal with the Commissioner at least 90 days
7 before the date of the proposed cancellation or nonrenewal; and

8 (ii) an insurer that intends to withdraw completely from the health
9 insurance market in the State by canceling or not renewing all of its health insurance
10 products in the State shall file a plan of withdrawal with the Commissioner at least
11 180 days before the date of the proposed withdrawal.

12 (b) The plan of withdrawal shall contain:

13 (1) a statement by an elected officer of the insurer that the cancellation
14 or nonrenewal action is necessary as a result of:

15 (i) the loss of or substantial changes in applicable reinsurance;

16 (ii) financial losses of the insurer; or

17 (iii) another business or economic reason of the insurer;

18 (2) if the reason for cancellation or nonrenewal is loss of or substantial
19 changes in reinsurance, a statement that explains:

20 (i) that the insurer made a good faith effort to obtain replacement
21 reinsurance, but was unable to do so due to either the unavailability or
22 unaffordability of replacement reinsurance;

23 (ii) how the loss of or reduction in reinsurance affects the insurer's
24 risks throughout the entire line or category of insurance proposed for cancellation or
25 nonrenewal; and

26 (iii) why cancellation or nonrenewal is necessary to cure the loss of
27 or reduction in available reinsurance; and

28 (3) notwithstanding the reason for cancellation or nonrenewal, a
29 statement that:

30 (i) identifies the category of risk, the total number of risks written
31 by the insurer in that line of business, and the number of risks intended to be
32 canceled or not renewed;

33 (ii) explains how the cancellation or nonrenewals, if approved, will
34 be implemented with respect to individual risks and the steps that will be taken to
35 ensure that the cancellation or nonrenewal decisions will not be applied in an

1 arbitrary, capricious, or unfairly discriminatory manner or in violation of § 27-501 of
2 this title; and

3 (iii) includes any other information that the Commissioner
4 reasonably requires.

5 (c) If a plan of withdrawal filed with the Commissioner is not accompanied by
6 the information required by this section, the Commissioner may so inform the insurer
7 and the plan of withdrawal will be deemed filed when the information is provided to
8 the Commissioner.

9 (d) After an insurer has filed a plan of withdrawal with the Commissioner, the
10 insurer shall notify in writing each of its insurance producers in the State that the
11 insurer has filed a plan of withdrawal.

12 (e) The Commissioner shall review each plan of withdrawal to determine its
13 compliance with this section and § 27-501 of this title.

14 (f) (1) (i) The Commissioner shall disapprove each plan of withdrawal
15 that does not comply with this section.

16 (ii) If the Commissioner disapproves a plan, the Commissioner
17 shall issue an order of disapproval that includes specific reasons for the disapproval.

18 (2) (i) Subject to paragraph (3) of this subsection, a plan filed under
19 this section is deemed approved if the Commissioner fails to approve or disapprove
20 the plan within 60 days after the date of filing by the insurer.

21 (ii) If a filing is deemed approved under this paragraph, the filing
22 becomes effective on the 60th day after the date of filing.

23 (3) If the Commissioner does not have sufficient information to
24 determine whether a filing or amended filing meets the requirements of this section,
25 the Commissioner:

26 (i) shall require the insurer to provide the necessary information;
27 and

28 (ii) may extend the period for approval until the information is
29 provided.

30 (4) A plan may be withdrawn or amended by the insurer at any time
31 before approval.

32 (5) After approval or disapproval of a plan, the withdrawal or
33 amendment of the plan is subject to the approval of the Commissioner.

34 (g) The Commissioner may disapprove a plan of withdrawal for health
35 insurance if an insurer, nonprofit health service plan, or health maintenance

1 organization has failed to demonstrate compliance with § 15-1212 or § 15-1308 of
2 this article.

3 [27-604.

4 (a) This section does not apply to:

5 (1) life insurance;

6 (2) health insurance;

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

9 (4) surety insurance;

10 (5) insurance written or issued by the Maryland Automobile Insurance
11 Fund; or

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

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

18 (c) The notice shall be sent by first-class mail to the insured and insurance
19 producer at least 45 days before the effective date of the proposed premium increase.]

20 27-607.

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

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

30 27-608.

31 (A) THIS SECTION APPLIES ONLY TO POLICIES OF COMMERCIAL INSURANCE.

32 (B) UNLESS AN INSURER HAS GIVEN NOTICE OF ITS INTENTION NOT TO
33 RENEW A POLICY SUBJECT TO THIS SECTION, IF THE INSURER SEEKS TO INCREASE
34 THE RENEWAL POLICY PREMIUM BY 20% OR MORE, THE INSURER SHALL SEND A

1 NOTICE TO THE FIRST NAMED INSURED AND INSURANCE PRODUCER, IF ANY, NOT
2 LESS THAN 45 DAYS PRIOR TO THE RENEWAL DATE OF THE POLICY.

3 (C) A NOTICE UNDER THIS SECTION SHALL INCLUDE:

4 (1) BOTH THE EXPIRING POLICY PREMIUM AND THE RENEWAL POLICY
5 PREMIUM; AND

6 (2) THE TELEPHONE NUMBER FOR THE INSURER OR INSURANCE
7 PRODUCER, IF ANY, TOGETHER WITH A STATEMENT THAT THE INSURED MAY CALL
8 TO REQUEST ADDITIONAL INFORMATION ABOUT THE PREMIUM INCREASE.

9 (D) (1) IF AN INSURER'S RATING METHODOLOGY REQUIRES THE INSURED
10 TO PROVIDE INFORMATION TO CALCULATE THE RENEWAL POLICY PREMIUM, AN
11 INSURER SHALL PROVIDE A REASONABLE ESTIMATE OF THE RENEWAL POLICY
12 PREMIUM IF:

13 (I) THE INSURER HAS REQUESTED THE REQUIRED INFORMATION
14 FROM THE INSURED; AND

15 (II) THE INSURER HAS NOT RECEIVED THE REQUESTED
16 INFORMATION.

17 (2) A REASONABLE ESTIMATE UNDER THIS SUBSECTION SHALL BE
18 BASED UPON THE INFORMATION AVAILABLE TO THE INSURER AT THE TIME THE
19 NOTICE IS SENT.

20 (E) IN DETERMINING THE AMOUNT OF A PREMIUM INCREASE UNDER THIS
21 SECTION, THE INSURER IS NOT REQUIRED TO INCLUDE PREMIUM RESULTING FROM:

22 (1) AN INCREASE IN THE UNITS OF EXPOSURE;

23 (2) THE APPLICATION OF AN EXPERIENCE RATING PLAN;

24 (3) THE APPLICATION OF A RETROSPECTIVE RATING PLAN;

25 (4) A CHANGE MADE BY THE INSURED THAT INCREASES THE INSURER'S
26 EXPOSURE; OR

27 (5) AN AUDIT OF THE INSURED.

28 (F) A NOTICE REQUIRED BY THIS SECTION SHALL BE SENT BY FIRST-CLASS
29 MAIL AND MAY BE SENT TOGETHER WITH THE RENEWAL POLICY.

30 [27-606.] 27-609.

31 (a) (1) This subsection applies to [an automobile] A PRIVATE PASSENGER
32 MOTOR VEHICLE liability insurance policy issued in the State to a resident of a
33 household, under which more than one individual is insured.

1 (2) If an insurer is authorized under this article to cancel, nonrenew, or
2 increase the premiums on a policy of [automobile] PRIVATE PASSENGER MOTOR
3 VEHICLE liability insurance subject to this subsection because of the claim experience
4 or driving record of one or more but less than all of the individuals insured under the
5 policy, the insurer, instead of cancellation, nonrenewal, or premium increase, shall
6 offer to continue or renew the insurance, but to exclude all coverage when a motor
7 vehicle is operated by the specifically named excluded individual or individuals whose
8 claim experience or driving record could have justified the cancellation, nonrenewal,
9 or premium increase.

10 (b) If an insurer legally could refuse to issue a policy of [automobile] PRIVATE
11 PASSENGER MOTOR VEHICLE liability insurance under which more than one
12 individual is insured because of the claim experience or driving record of one or more
13 but less than all of the individuals applying to be insured under the policy, the insurer
14 may issue the policy but exclude all coverage when a motor vehicle is operated by the
15 specifically named excluded individual or individuals whose claim experience or
16 driving record could have justified the refusal to issue.

17 (c) The policy described in subsection (a) or (b) of this section may be endorsed
18 to exclude specifically all coverage for any of the following when the named excluded
19 driver is operating a motor vehicle covered under the policy whether or not that
20 operation or use was with the express or implied permission of an individual insured
21 under the policy:

22 (1) the excluded operator or user;

23 (2) the vehicle owner;

24 (3) family members residing in the household of the excluded operator or
25 user or vehicle owner; and

26 (4) any other individual, except for the coverage required by §§ 19-505
27 and 19-509 of this article if that coverage is not available under another automobile
28 policy.

29 (d) The premiums charged on a policy that excludes a named driver or drivers
30 under this section may not reflect the claim experience or driving record of the
31 excluded named driver or drivers.

32 [27-607.] 27-610.

33 (a) (1) THIS SECTION APPLIES ONLY TO POLICIES OF PERSONAL
34 INSURANCE AND PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE
35 POLICIES SUBJECT TO § 27-613 OF THIS SUBTITLE.

36 [(1)] (2) Unless an insurer has provided notice of its intention not to
37 renew a policy in compliance with [§ 27-601, § 27-603, or § 27-605 of] this subtitle,
38 the insurer must provide each policyholder with notice of renewal premium due at
39 least 17 days before the due date.

1 [(2)] (3) A licensed insurance producer may provide notice under
2 paragraph [(1)] (2) of this subsection on behalf of the insurer.

3 [(3)] (4) The duty to provide notice under paragraph [(1)] (2) of this
4 subsection is deemed discharged if:

5 (i) the insurer shows that its established procedures would have
6 resulted in placing the notice of renewal premium due in the United States mail; and

7 (ii) there is no showing that in fact the notice was not placed in the
8 mail.

9 (b) If an insurer fails to provide notice of renewal premium due under
10 subsection (a) of this section, and subsequently the policyholder fails to make timely
11 payment of the renewal premium, the insurer must:

12 (1) provide coverage for each claim that:

13 (i) would have been covered under the policy; and

14 (ii) arises within 45 days after the date the insured discovers or
15 should have discovered that the policy was not renewed; and

16 (2) renew the policy on tender of payment within 30 days after the
17 policyholder discovers or should have discovered that the policy was not renewed.

18 [27-608.] 27-611.

19 Before the actual expiration of a policy of motor vehicle insurance that results
20 from nonpayment of a renewal premium, the insurer shall provide notice to the
21 insured in clear and specific terms that if the insured fails to renew or replace the
22 motor vehicle insurance before the due date, § 17-106 of the Transportation Article
23 provides that uninsured motorist penalties be assessed and that evidences of
24 registration be surrendered to the Motor Vehicle Administration and that failure to
25 surrender the evidences of registration may result in suspension of current and future
26 registration privileges.

27 [27-609.] 27-612.

28 (a) (1) If an insurer fails to comply with any provision of [§ 27-601,] §
29 27-602, § 27-603, § 27-604, § 27-605, [or] § 27-606, § 27-607, § 27-608, § 27-610,
30 OR § 27-613 of this subtitle, the insurer is liable to the applicant for the coverage that
31 was requested, or that would have become effective except for the failure to comply
32 with these provisions, unless the person seeking coverage:

33 (i) no longer wishes the coverage;

34 (ii) has obtained other substantially equivalent coverage; or

35 (iii) fails to tender or pay the premium after reasonable demand for
36 the premium has been made.

1 (2) The liability of an insurer under paragraph (1) of this subsection is in
2 addition to any other penalties applicable by law.

3 (b) Liability for coverage does not apply to failure to comply with [§ 27-608] §
4 27-611 of this subtitle, as it relates to motor vehicle liability insurance.

5 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall be
6 construed to apply to all personal and commercial lines of property and casualty
7 insurance issued, delivered, or renewed on or after the effective date of this Act.

8 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 January 1, 2007.