
By: **Senator Astle**

Introduced and read first time: February 20, 2006

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Private Passenger Motor Vehicle Liability Insurance -**
3 **Cancellations, Failures to Renew, Reductions in Coverage, and Premium**
4 **Increases**

5 FOR the purpose of providing that certain insurers may cancel, fail to renew, or
6 reduce coverage under a binder or policy of private passenger motor vehicle
7 insurance under certain circumstances; altering the contents of a certain notice
8 of proposed action; requiring an insurer's statement of actual reason for a
9 proposed action to include a brief statement of the basis for the action;
10 specifying the minimum contents of the statement; altering the circumstances
11 under which the Maryland Insurance Commissioner is prohibited from
12 disallowing a proposed action of an insurer; repealing a provision of law that
13 authorizes the Commissioner to adopt certain regulations; altering a certain
14 burden of proof; providing that a notice of premium increase for private
15 passenger motor vehicle liability insurance may be included in a renewal offer or
16 policy; providing for the form and contents of the notice; authorizing an insured
17 to protest certain premium increases and request a certain hearing under
18 certain circumstances; establishing the criteria the Commissioner must use in
19 dismissing a protest or disallowing the proposed action of an insurer;
20 authorizing the Commissioner to order a stay of a premium increase under
21 certain circumstances; authorizing the Maryland Insurance Administration to
22 establish a certain pilot program; making conforming and stylistic changes;
23 providing for the application of this Act; providing for a delayed effective date;
24 and generally relating to private passenger motor vehicle liability insurance.

25 BY repealing and reenacting, with amendments,
26 Article - Insurance
27 Section 27-605
28 Annotated Code of Maryland
29 (2002 Replacement Volume and 2005 Supplement)

30 BY adding to
31 Article - Insurance
32 Section 27-605.1

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

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

5 **Article - Insurance**

6 27-605.

7 (a) [In this section, "increase in premium" and "premium increase" include an
8 increase in the premium for any coverage on a policy due to:

- 9 (1) a surcharge;
- 10 (2) retiring or other reclassification of an insured; or
- 11 (3) removal or reduction of a discount.]

12 (1) THIS SECTION APPLIES ONLY TO PRIVATE PASSENGER MOTOR
13 VEHICLE LIABILITY INSURANCE.

14 (2) THIS SECTION DOES NOT APPLY TO THE MARYLAND AUTOMOBILE
15 INSURANCE FUND.

16 (b) (1) [Except in] IN accordance with this [article] SECTION, with respect
17 to a policy of PRIVATE PASSENGER motor vehicle liability insurance or a binder of
18 PRIVATE PASSENGER motor vehicle liability insurance, if the binder has been in effect
19 for at least 45 days, issued in the State to any resident of the household of the named
20 insured, an insurer [other than the Maryland Automobile Insurance Fund] may
21 [not]:

22 (i) cancel or fail to renew the policy or binder [for a reason other
23 than nonpayment of premium]; OR

24 (ii) [increase a premium for any coverage on the policy; or

25 (iii)] reduce coverage under the policy.

26 (2) Notwithstanding paragraph (1) of this subsection, the requirements
27 of this section do not apply if:

28 (i) [the premium increase described in paragraph (1)(ii) of this
29 subsection is part of a general increase in premiums approved by the Commissioner
30 and does not result from a reclassification of the insured;

31 (ii)] the reduction in coverage described in paragraph [(1)(iii)] (1)(II)
32 of this subsection is part of a general reduction in coverage approved by the
33 Commissioner or satisfies the requirements of Title 19, Subtitle 5 of this article; or

1 [(iii)] (II) the failure to renew the policy takes place under a plan of
2 withdrawal that:

3 1. is approved by the Commissioner under § 27-603 of this
4 subtitle; and

5 2. provides that each insured affected by the plan of
6 withdrawal shall be sent by certificate of mailing at least 45 days before the
7 nonrenewal of the policy a written notice that states the date that the policy will be
8 nonrenewed and that the nonrenewal is the result of the withdrawal of the insurer
9 from the market.

10 (c) (1) At least 45 days before the proposed effective date of the action, an
11 insurer that intends to take an action subject to this section [must] SHALL send
12 written notice of its proposed action to the insured at the last known address of the
13 insured:

14 (i) for notice of cancellation or nonrenewal, by certified mail; and

15 (ii) for all other notices of actions subject to this section, by
16 certificate of mailing.

17 (2) The notice must be in triplicate and on a form approved by the
18 Commissioner.

19 (3) The notice must state in clear and specific terms:

20 (i) the proposed action to be taken, including[:

21 1. for a premium increase, the amount of the increase and
22 the type of coverage to which it is applicable; and

23 2.] for a reduction in coverage, the type of coverage reduced
24 and the extent of the reduction;

25 (ii) the proposed effective date of the action;

26 (iii) subject to paragraph (4) of this subsection, the actual reason of
27 the insurer for proposing to take the action;

28 (iv) if there is coupled with the notice an offer to continue or renew
29 the policy in accordance with § 27-606 of this subtitle:

30 1. the name of the individual or individuals to be excluded
31 from coverage; and

32 2. the premium amount if the policy is continued or renewed
33 with the named individual or individuals excluded from coverage;

1 (v) the right of the insured to replace the insurance through the
2 Maryland Automobile Insurance Fund and the current address and telephone number
3 of the Fund;

4 (vi) the right of the insured to protest the proposed action of the
5 insurer and[, except in the case of a premium increase of 15% or less for the entire
6 policy,] request a hearing before the Commissioner on the proposed action by signing
7 two copies of the notice and sending them to the Commissioner within 30 days after
8 the mailing date of the notice;

9 (vii) [except for a premium increase of 15% or less for the entire
10 policy,] that if a protest is filed by the insured, the insurer must maintain the current
11 insurance in effect until a final determination is made by the Commissioner, subject
12 to the payment of any authorized premium due or becoming due before the
13 determination; AND

14 (viii) that the Commissioner shall order the insurer to pay reasonable
15 attorney fees incurred by the insured for representation at the hearing if the
16 Commissioner finds that:

17 1. the actual reason for the proposed action is not stated in
18 the notice or the proposed action is not in accordance with § 27-501 of this article, the
19 insurer's filed rating plan, its underwriting standards, or the lawful terms and
20 conditions of the policy related to a cancellation, nonrenewal, premium increase, or
21 reduction in coverage; and

22 2. the insurer's conduct in maintaining or defending the
23 proceeding was in bad faith or the insurer acted willfully in the absence of a bona fide
24 dispute; and

25 (ix) if the proposed action is based wholly or partly on a credit score
26 or information from a credit report:

27 1. the name, address, and telephone number of the consumer
28 reporting agency that furnished the credit report to the insurer, including the
29 toll-free telephone number established by the agency if the agency compiles and
30 maintains files on consumers on a nationwide basis;

31 2. that the consumer reporting agency did not make the
32 decision to take the proposed action and is unable to provide the insured the specific
33 reasons why the action is proposed to be taken;

34 3. that the insured may obtain, under § 1681 of the federal
35 Fair Credit Reporting Act, a free copy of the credit report of the insured from the
36 consumer reporting agency within 60 days after receipt of the notice; and

37 4. that the insured may dispute, under § 1681i of the federal
38 Fair Credit Reporting Act, with the consumer reporting agency the accuracy or
39 completeness of any information in the credit report furnished by the agency].

1 (4) (i) The insurer's statement of actual reason for proposing to take
2 an action subject to this section must be [sufficiently] clear and specific [so that an
3 individual of average intelligence can identify the basis for the insurer's decision
4 without making further inquiry] AND INCLUDE A BRIEF STATEMENT OF THE BASIS
5 FOR THE ACTION, INCLUDING, AT A MINIMUM:

6 1. IF THE ACTION OF THE INSURER IS DUE WHOLLY OR
7 PARTLY TO AN ACCIDENT:

8 A. THE NAME OF THE DRIVER;

9 B. THE DATE OF THE ACCIDENT; AND

10 C. IF FAULT IS A MATERIAL FACTOR FOR THE INSURER'S
11 ACTION, A STATEMENT THAT THE DRIVER WAS AT FAULT;

12 2. IF THE ACTION OF THE INSURER IS DUE WHOLLY OR
13 PARTLY TO A VIOLATION OF THE MARYLAND VEHICLE LAW OR THE VEHICLE LAWS
14 OF ANOTHER STATE OR TERRITORY OF THE UNITED STATES:

15 A. THE NAME OF THE DRIVER;

16 B. THE DATE OF THE VIOLATION; AND

17 C. A DESCRIPTION OF THE VIOLATION;

18 3. IF THE ACTION OF THE INSURER IS DUE WHOLLY OR
19 PARTLY TO THE CLAIMS HISTORY OF AN INSURED, A DESCRIPTION OF EACH CLAIM;

20 4. WHETHER THE INSURER'S ACTION IS BASED ON A
21 VIOLATION OF LAW, POLICY TERMS OR CONDITIONS, OR THE INSURER'S
22 UNDERWRITING STANDARDS;

23 5. WHETHER THE INSURER'S ACTION IS BASED ON A
24 MATERIAL MISREPRESENTATION; AND

25 6. ANY OTHER INFORMATION THAT IS THE BASIS FOR THE
26 INSURER'S ACTION.

27 (ii) The use of generalized terms such as "personal habits", "living
28 conditions", "poor morals", or "violation or accident record" does not meet the
29 requirements of this paragraph.

30 (iii) The Commissioner may not disallow a proposed action of an
31 insurer because the statement of actual reason contains:

32 1. grammatical errors, typographical errors, or other errors
33 provided that the errors are nonmaterial and not misleading; [or]

34 2. surplus information, provided that the surplus
35 information is nonmaterial and not misleading; OR

1 3. ERRONEOUS INFORMATION, PROVIDED THAT IN ABSENCE
2 OF THE ERRONEOUS INFORMATION, THERE REMAINS A SUFFICIENT BASIS TO
3 SUPPORT THE ACTION.

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

8 (e) A statement of actual reason contained in the notice given under
9 subsection (c) of this section is privileged and does not constitute grounds for an
10 action against the insurer, its representatives, or another person that in good faith
11 provides to the insurer information on which the statement is based.

12 (f) (1) This subsection does not apply to an action of an insurer taken under
13 subsection (d) of this section.

14 (2) An insured may protest a proposed action of the insurer under this
15 section by signing two copies of the notice and sending them to the Commissioner
16 within 30 days after the mailing date of the notice.

17 (3) On receipt of a protest, the Commissioner shall notify the insurer of
18 the filing of the protest.

19 (4) [Except for a premium increase of 15% or less for the entire policy, a]
20 A protest filed with the Commissioner stays the proposed action of the insurer
21 pending a final determination by the Commissioner.

22 (5) [(i) Except for a premium increase of 15% or less for the entire
23 policy, the] THE insurer shall maintain in effect the same coverage and premium that
24 were in effect on the day the notice of proposed action was sent to the insured until a
25 final determination is made, subject to the payment of any authorized premium due
26 or becoming due before the determination.

27 [(ii) In the case of a premium increase, a dismissal of the protest or
28 disallowance of the premium increase is deemed to be a final determination of the
29 Commissioner 20 days after the mailing date of the Commissioner's notice of action.]

30 (g) (1) Based on the information contained in the notice, the Commissioner
31 SHALL:

32 (i) [shall] determine whether the protest by the insured has merit;
33 and

34 (ii) [either shall] dismiss the protest or disallow the proposed
35 action of the insurer.

36 (2) The Commissioner shall notify the insurer and the insured of the
37 action of the Commissioner promptly in writing.

1 (3) Subject to paragraph (4) of this subsection, within 30 days after the
2 mailing date of the Commissioner's notice of action, the aggrieved party may request
3 a hearing.

4 (4) [Except in the case of a premium increase of 15% or less for the
5 entire policy the] THE Commissioner shall:

6 (i) hold a hearing within a reasonable time after the request for a
7 hearing; and

8 (ii) give written notice of the time and place of the hearing at least
9 10 days before the hearing.

10 (5) A hearing held under this subsection shall be conducted in
11 accordance with Title 10, Subtitle 2 of the State Government Article.

12 (6) At the hearing the insurer has the burden of proving its proposed
13 action to be [justified] IN ACCORDANCE WITH THE INSURER'S UNDERWRITING
14 STANDARDS OR THE LAWFUL TERMS AND CONDITIONS OF THE POLICY RELATED TO
15 A CANCELLATION, NONRENEWAL, OR REDUCTION IN COVERAGE, AS APPLICABLE,
16 AND NOT IN VIOLATION OF § 27-501 OF THIS TITLE and, in doing so, may rely only on
17 the reasons set forth in its notice to the insured.

18 (h) (1) The Commissioner shall issue an order within 30 days after the
19 conclusion of the hearing.

20 (2) If the Commissioner finds the proposed action of the insurer to be in
21 accordance with the insurer's [filed rating plan, its] underwriting standards[,] or
22 the lawful terms and conditions of the policy related to a cancellation, nonrenewal,
23 [premium increase,] or reduction in coverage, as applicable, and not in violation of §
24 27-501 of this [article] TITLE, the Commissioner shall:

25 (i) dismiss the protest; and

26 (ii) allow the proposed action to be taken on the later of:

27 1. its proposed effective date; and

28 2. 30 days after the date of the determination.

29 (3) If the Commissioner finds that the actual reason for the proposed
30 action is not stated in the notice or the proposed action is not in accordance with §
31 27-501 of this [article] TITLE, the insurer's [filed rating plan, its] underwriting
32 standards[,] or the lawful terms and conditions of the policy related to a cancellation,
33 nonrenewal, [premium increase,] or reduction in coverage, the Commissioner shall:

34 (i) disallow the action; and

35 (ii) order the insurer to pay reasonable attorney fees incurred by
36 the insured for representation at the hearing if the Commissioner finds that the

1 insurer's conduct in maintaining or defending the proceeding was in bad faith or the
2 insurer acted willfully in the absence of a bona fide dispute.

3 (i) The Commissioner may delegate the powers and duties of the
4 Commissioner under this section to one or more employees or hearing examiners.

5 (j) [(1) If the Commissioner disallows a premium increase of 15% or less for
6 the entire policy, the insurer, within 30 days after the disallowance, shall:

7 (i) return to the insured all disallowed premium received from the
8 insured; and

9 (ii) pay to the insured interest on the disallowed premium received
10 from the insured calculated at 10% per annum from the date the disallowed premium
11 was received to the date the disallowed premium was returned.

12 (2) If an insurer fails to return any disallowed premium or fails to pay
13 interest to an insured in violation of paragraph (1) of this subsection, the insurer is in
14 violation of this article and subject to the penalties under § 4-113(d) of this article.

15 (k)] A party to a proceeding under this section may appeal the decision of the
16 Commissioner in accordance with § 2-215 of this article.

17 [(l) The Commissioner may adopt regulations that exclude from the
18 requirements of this section certain types of premium increases, except for premium
19 increases due to:

20 (1) an accident;

21 (2) a violation of the Maryland vehicle law or the vehicle law of another
22 state;

23 (3) the claims history of the insured;

24 (4) the credit history or the credit score of the insured;

25 (5) a retiering of the insured; or

26 (6) a surcharge.]

27 27-605.1.

28 (A) IN THIS SECTION, "INCREASE IN PREMIUM" AND "PREMIUM INCREASE"
29 INCLUDE AN INCREASE IN TOTAL PREMIUM ON A POLICY DUE TO:

30 (1) A SURCHARGE;

31 (2) RETIERING OR OTHER RECLASSIFICATION OF AN INSURED; OR

32 (3) REMOVAL OR REDUCTION OF A DISCOUNT.

1 (B) (1) THIS SECTION APPLIES ONLY TO PRIVATE PASSENGER MOTOR
2 VEHICLE LIABILITY INSURANCE.

3 (2) THIS SECTION DOES NOT APPLY TO THE MARYLAND AUTOMOBILE
4 INSURANCE FUND.

5 (C) (1) EXCEPT AS PROVIDED IN PARAGRAPH (2) OF THIS SUBSECTION, AT
6 LEAST 45 DAYS BEFORE THE EFFECTIVE DATE OF AN INCREASE IN THE TOTAL
7 PREMIUM FOR A POLICY OF PRIVATE PASSENGER MOTOR VEHICLE LIABILITY
8 INSURANCE, THE INSURER SHALL SEND WRITTEN NOTICE OF THE PREMIUM
9 INCREASE TO THE INSURED AT THE LAST KNOWN ADDRESS OF THE INSURED BY
10 CERTIFICATE OF MAILING.

11 (2) THE NOTICE REQUIRED BY PARAGRAPH (1) OF THIS SUBSECTION
12 NEED NOT BE GIVEN IF THE PREMIUM INCREASE IS PART OF A GENERAL INCREASE
13 IN PREMIUMS APPROVED BY THE COMMISSIONER AND DOES NOT RESULT FROM A
14 RECLASSIFICATION OF THE INSURED.

15 (3) THE NOTICE MAY ACCOMPANY OR BE INCLUDED IN THE RENEWAL
16 OFFER OR POLICY.

17 (4) THE NOTICE MUST BE IN DUPLICATE AND ON A FORM APPROVED BY
18 THE COMMISSIONER.

19 (5) THE NOTICE MUST STATE IN CLEAR AND SPECIFIC TERMS:

20 (I) THE PREMIUM FOR THE CURRENT POLICY PERIOD;

21 (II) THE PREMIUM FOR THE RENEWAL POLICY PERIOD;

22 (III) THE BASIS FOR THE ACTION, INCLUDING, AT A MINIMUM:

23 1. IF THE PREMIUM INCREASE IS DUE WHOLLY OR PARTLY
24 TO AN ACCIDENT:

25 A. THE NAME OF THE DRIVER;

26 B. THE DATE OF THE ACCIDENT; AND

27 C. IF FAULT IS A MATERIAL FACTOR FOR THE INSURER'S
28 ACTION, A STATEMENT THAT THE DRIVER WAS AT FAULT;

29 2. IF THE PREMIUM INCREASE IS DUE WHOLLY OR PARTLY
30 TO A VIOLATION OF THE MARYLAND VEHICLE LAW OR THE VEHICLE LAWS OF
31 ANOTHER STATE OR TERRITORY OF THE UNITED STATES:

32 A. THE NAME OF THE DRIVER;

33 B. THE DATE OF THE VIOLATION; AND

34 C. A DESCRIPTION OF THE VIOLATION;

1 3. IF THE PREMIUM INCREASE IS DUE WHOLLY OR PARTLY
2 TO THE CLAIMS HISTORY OF AN INSURED, A DESCRIPTION OF EACH CLAIM; AND

3 4. ANY OTHER INFORMATION THAT IS THE BASIS FOR THE
4 INSURER'S ACTION;

5 (IV) THAT THE INSURED SHOULD CONTACT THE INSURED'S
6 INSURANCE PRODUCER OR INSURER FOR A REVIEW OF THE PREMIUM IF THE
7 INSURED HAS A QUESTION ABOUT THE INCREASE IN PREMIUM OR BELIEVES THE
8 INFORMATION IN THE NOTICE IS INCORRECT;

9 (V) THE RIGHT OF THE INSURED TO PROTEST THE PREMIUM
10 INCREASE AND, IN THE CASE OF A PREMIUM INCREASE OF MORE THAN 15% FOR THE
11 ENTIRE POLICY, TO REQUEST A HEARING BEFORE THE COMMISSIONER BY MAILING
12 OR TRANSMITTING BY FACSIMILE TO THE COMMISSIONER:

13 1. A COPY OF THE NOTICE;

14 2. THE INSURED'S ADDRESS AND DAYTIME TELEPHONE
15 NUMBER; AND

16 3. A STATEMENT OF THE REASON THAT THE INSURED
17 BELIEVES THE PREMIUM INCREASE IS INCORRECT;

18 (VI) THE ADDRESS AND FACSIMILE NUMBER OF THE
19 ADMINISTRATION; AND

20 (VII) THAT THE COMMISSIONER SHALL ORDER THE INSURER TO PAY
21 REASONABLE ATTORNEY FEES INCURRED BY THE INSURED FOR REPRESENTATION
22 AT A HEARING IF THE COMMISSIONER FINDS THAT:

23 1. THE ACTUAL REASON FOR THE PROPOSED ACTION IS NOT
24 STATED IN THE NOTICE OR THE PROPOSED ACTION IS NOT IN ACCORDANCE WITH
25 THIS ARTICLE OR THE INSURER'S FILED RATING PLAN; AND

26 2. THE INSURER'S CONDUCT IN MAINTAINING OR
27 DEFENDING THE PROCEEDING WAS IN BAD FAITH OR THE INSURER ACTED
28 WILLFULLY IN THE ABSENCE OF A BONA FIDE DISPUTE.

29 (D) (1) IF THE INSURED BELIEVES THAT THE PREMIUM INCREASE IS
30 INCORRECT, THE INSURED MAY PROTEST THE PROPOSED ACTION OF THE INSURER
31 WITHIN 30 DAYS AFTER THE MAILING DATE OF THE NOTICE BY MAILING OR
32 TRANSMITTING BY FACSIMILE TO THE COMMISSIONER:

33 (I) A COPY OF THE NOTICE;

34 (II) THE INSURED'S ADDRESS AND DAYTIME TELEPHONE NUMBER;
35 AND

1 (III) A STATEMENT OF THE REASON THAT THE INSURED BELIEVES
2 THE PREMIUM INCREASE IS INCORRECT.

3 (2) ON RECEIPT OF A PROTEST, THE COMMISSIONER SHALL NOTIFY THE
4 INSURER OF THE FILING OF THE PROTEST.

5 (3) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
6 PARAGRAPH, A PROTEST FILED WITH THE COMMISSIONER DOES NOT STAY THE
7 PROPOSED ACTION OF THE INSURER.

8 (II) IF A PREMIUM INCREASE FOR A POLICY EXCEEDS 15%, THE
9 COMMISSIONER MAY ORDER A STAY OF THE PREMIUM INCREASE PENDING A FINAL
10 DECISION IF THE COMMISSIONER MAKES A FINDING THAT THE PREMIUM INCREASE:

11 1. MAY CAUSE THE POLICYHOLDER UNDUE HARM; AND

12 2. IS IN VIOLATION OF THE INSURER'S FILED RATING PLAN.

13 (4) BASED ON THE INFORMATION CONTAINED IN THE NOTICE, THE
14 COMMISSIONER SHALL:

15 (I) DETERMINE WHETHER THE INSURER'S ACTION IS IN
16 ACCORDANCE WITH THE INSURER'S FILED RATING PLAN AND THIS ARTICLE; AND

17 (II) DISMISS THE PROTEST OR DISALLOW THE PROPOSED ACTION
18 OF THE INSURER.

19 (5) THE COMMISSIONER SHALL NOTIFY THE INSURER AND THE
20 INSURED OF THE ACTION OF THE COMMISSIONER PROMPTLY IN WRITING.

21 (6) FOR A PREMIUM INCREASE OF MORE THAN 15% FOR THE ENTIRE
22 POLICY, WITHIN 30 DAYS AFTER THE MAILING DATE OF THE COMMISSIONER'S
23 NOTICE OF ACTION, THE AGGRIEVED PARTY MAY REQUEST A HEARING.

24 (7) THE COMMISSIONER SHALL:

25 (I) HOLD A HEARING WITHIN A REASONABLE TIME AFTER THE
26 REQUEST FOR A HEARING; AND

27 (II) GIVE WRITTEN NOTICE OF THE TIME AND PLACE OF THE
28 HEARING AT LEAST 10 DAYS BEFORE THE HEARING.

29 (8) A HEARING REQUESTED UNDER THIS SUBSECTION SHALL BE
30 CONDUCTED IN ACCORDANCE WITH TITLE 10, SUBTITLE 2 OF THE STATE
31 GOVERNMENT ARTICLE.

32 (9) AT THE HEARING THE INSURER HAS THE BURDEN OF PROVING ITS
33 PROPOSED ACTION TO BE IN ACCORDANCE WITH ITS FILED RATING PLAN AND THIS
34 ARTICLE AND, IN DOING SO, MAY RELY ONLY ON THE REASONS SET FORTH IN ITS
35 NOTICE TO THE INSURED.

1 (E) (1) THE COMMISSIONER SHALL ISSUE AN ORDER WITHIN 30 DAYS AFTER
2 THE CONCLUSION OF THE HEARING.

3 (2) IF THE COMMISSIONER FINDS THE PROPOSED ACTION OF THE
4 INSURER TO BE IN ACCORDANCE WITH THE INSURER'S FILED RATING PLAN AND
5 THIS ARTICLE, THE COMMISSIONER SHALL:

6 (I) DISMISS THE PROTEST; AND

7 (II) ALLOW THE PROPOSED ACTION OF THE INSURER TO BE TAKEN
8 ON THE LATER OF:

9 1. ITS PROPOSED EFFECTIVE DATE; AND

10 2. 30 DAYS AFTER THE DATE OF THE DETERMINATION.

11 (3) IF THE COMMISSIONER FINDS THAT THE ACTUAL REASON FOR THE
12 PROPOSED ACTION IS NOT STATED IN THE NOTICE OR THE PROPOSED ACTION IS NOT
13 IN ACCORDANCE WITH THE INSURER'S FILED RATING PLAN OR THIS ARTICLE, THE
14 COMMISSIONER SHALL:

15 (I) DISALLOW THE ACTION; AND

16 (II) ORDER THE INSURER TO PAY REASONABLE ATTORNEY FEES
17 INCURRED BY THE INSURED FOR REPRESENTATION AT THE HEARING IF THE
18 COMMISSIONER FINDS THAT THE INSURER'S CONDUCT IN MAINTAINING OR
19 DEFENDING THE PROCEEDING WAS IN BAD FAITH OR THE INSURER ACTED
20 WILLFULLY IN THE ABSENCE OF A BONA FIDE DISPUTE.

21 (F) (1) IF THE COMMISSIONER DISALLOWS A PREMIUM INCREASE FOR THE
22 ENTIRE POLICY, THE INSURER, WITHIN 30 DAYS AFTER THE DISALLOWANCE, SHALL:

23 (I) RETURN TO THE INSURED ALL DISALLOWED PREMIUM
24 RECEIVED FROM THE INSURED; AND

25 (II) PAY TO THE INSURED INTEREST ON THE DISALLOWED
26 PREMIUM RECEIVED FROM THE INSURED CALCULATED AT 10% A YEAR FROM THE
27 DATE THE DISALLOWED PREMIUM WAS RECEIVED TO THE DATE THE DISALLOWED
28 PREMIUM WAS RETURNED.

29 (2) IF AN INSURER FAILS TO RETURN ANY DISALLOWED PREMIUM OR
30 FAILS TO PAY INTEREST TO AN INSURED IN VIOLATION OF PARAGRAPH (1) OF THIS
31 SUBSECTION, THE INSURER IS SUBJECT TO THE PENALTIES UNDER § 4-113(D) OF
32 THIS ARTICLE.

33 SECTION 2. AND BE IT FURTHER ENACTED, That:

34 (a) The Maryland Insurance Administration may establish a pilot program for
35 the purpose of reducing the number of protests filed under this Act.

36 (b) Participation by insurers in the pilot program shall be voluntary.

1 (c) The pilot program may require participating insurers to provide certain
2 information and assistance to consumers who request information about premium
3 increases.

4 SECTION 3. AND BE IT FURTHER ENACTED, That this Act applies to all
5 private passenger motor vehicle liability binders and policies issued or renewed on or
6 after the effective date of this Act.

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