

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE

House Bill 956
Economic Matters

(Delegate Feldman)

Finance

Insurance - Waiver of Customer Liability - Utility Providers

This bill provides that a “waiver of customer liability” from a “utility provider” is not considered insurance for purposes of Maryland’s insurance laws.

Fiscal Summary

State Effect: The bill would not materially affect the finances or operations of the Maryland Insurance Administration.

Local Effect: None.

Small Business Effect: Potential minimal.

Analysis

Bill Summary: Under the bill, “utility provider” means: (1) a public or private provider of electricity, gas, water, wastewater, solid waste collection, or similar service; or (2) a provider of communications services involving the transmission, conveyance, or routing of voice, data, audio, video, or any other information or signals to a point or between or among points by or through any medium or method. The term includes cable service Internet access service, voice over Internet service, telephone or wireless telephone service, and other similar providers.

A “waiver of customer liability” is an optional agreement between a utility provider and its customer under which the provider agrees, in return for a charge paid by the customer,

to waive all or part of the customer's liability to the utility provider for incurring charges during a defined period in the event of any of specified qualifying events.

Current Law: Generally, "insurance" means a contract to indemnify or to pay or provide a specified or determinable amount or benefit on the occurrence of a determinable contingency, and "insurance business" means the transaction of all matters pertaining to an insurance contract and all matters arising from an insurance contract or a claim under it. Those who engage in the insurance business are subject to regulation by the Maryland Insurance Commissioner.

Background: In a 1994 opinion, the Attorney General concluded that a debt cancellation agreement included in a loan agreement between a lender and a borrower is not a contract of insurance. *79 Op. Att'y. Gen. 303 (1994)*. The question of whether an agreement between a utility company and its customer that includes debt cancellation and continued service at a reduced or no fee is insurance (similar to the contracts that are the subject of this bill) is currently under consideration by the Office of the Attorney General.

Additional Information

Prior Introductions: None.

Cross File: SB 862 (Senator Astle) – Finance.

Information Source(s): Maryland Insurance Administration, Office of People's Counsel, Public Service Commission, Office of the Attorney General, Department of Legislative Services

Fiscal Note History: First Reader - March 3, 2006
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