

Department of Legislative Services
Maryland General Assembly
2006 Session

FISCAL AND POLICY NOTE
Revised

House Bill 1387
Economic Matters

(Delegates Burns and Conroy)

Finance

Personal Insurance - Premium - Notice

This bill requires an insurer, at least 45 days prior to a policy's renewal date, to send a notice to the named insured and the insurance producer, if any, by first-class mail stating both the amount of the renewal policy premium and the amount of the expiring policy premium. The requirement only applies to: (1) policies of "personal insurance;" and (2) insurance issued under the Maryland Property Insurance Availability Act or any other similar act to ensure the availability of property insurance.

Personal insurance means property insurance or casualty insurance issued to an individual, trust, estate, or similar entity that is intended to insure against loss arising principally from the personal, noncommercial activities of the insured. Personal insurance does not include motor vehicle liability insurance, policies issued by the Maryland Automobile Insurance Fund, policies issued by the Joint Insurance Association, or surety insurance.

The bill takes effect January 1, 2007.

Fiscal Summary

State Effect: Any increase in complaints because of the bill could be handled with the existing budgeted resources of the Maryland Insurance Administration. Revenues would not be affected.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: Generally, for most types of insurance, including homeowner's insurance, when an insurer intends to increase a premium for a particular policy by 20% or more, the insurer must notify the insured and insurance producer of the increase. The notices must be sent by first-class mail at least 45 days before the effective date of the proposed increase.

Additional Information

Prior Introductions: None.

Cross File: None.

Information Source(s): Maryland Insurance Administration, Department of Legislative Services

Fiscal Note History: First Reader - March 5, 2006
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