

HOUSE BILL 7

C4

71r0430

(PRE-FILED)

By: **Delegate Burns**

Requested: October 12, 2006

Introduced and read first time: January 10, 2007

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Automobile Insurance - Rates - Use of Territory as Factor**

3 FOR the purpose of prohibiting an insurer that uses territory as a factor in
4 establishing automobile insurance rates from defining a territory by zip code if
5 the zip code extends into two or more counties; and generally relating to use of
6 territory in establishing automobile insurance rates.

7 BY repealing and reenacting, without amendments,
8 Article - Insurance
9 Section 11-216 and 11-319
10 Annotated Code of Maryland
11 (2003 Replacement Volume and 2006 Supplement)

12 BY adding to
13 Article - Insurance
14 Section 11-217 and 11-320
15 Annotated Code of Maryland
16 (2003 Replacement Volume and 2006 Supplement)

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

19 **Article - Insurance**

20 11-216.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 An insurer that uses territory as a factor in establishing automobile insurance
2 rates shall submit a statement to the Commissioner certifying that:

3 (1) the territories used by the insurer have been reviewed within the
4 previous 3 years; and

5 (2) use of the territories is actuarially justified.

6 **11-217.**

7 **AN INSURER THAT USES TERRITORY AS A FACTOR IN ESTABLISHING**
8 **AUTOMOBILE INSURANCE RATES MAY NOT DEFINE A TERRITORY BY ZIP CODE IF**
9 **THE ZIP CODE EXTENDS INTO TWO OR MORE COUNTIES.**

10 **11-319.**

11 An insurer that uses territory as a factor in establishing automobile insurance
12 rates shall submit a statement to the Commissioner certifying that:

13 (1) the territories used by the insurer have been reviewed within the
14 previous 3 years; and

15 (2) use of the territories is actuarially justified.

16 **11-320.**

17 **AN INSURER THAT USES TERRITORY AS A FACTOR IN ESTABLISHING**
18 **AUTOMOBILE INSURANCE RATES MAY NOT DEFINE A TERRITORY BY ZIP CODE IF**
19 **THE ZIP CODE EXTENDS INTO TWO OR MORE COUNTIES.**

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2007.