

# SENATE BILL 765

K1, C4

EMERGENCY BILL

71r2561

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By: **Senator Exum**

Introduced and read first time: February 12, 2007

Assigned to: Rules

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## A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Notice – Premiums**

3 FOR the purpose of establishing certain requirements for notice relating to premium  
4 amounts for renewal of workers' compensation insurance policies; altering  
5 certain requirements relating to the renewal of workers' compensation and  
6 commercial insurance policies; altering the circumstances under which an  
7 insurer must provide a reasonable estimate of a renewal policy premium;  
8 making this Act an emergency measure; providing for the application of this  
9 Act; and generally relating to certain requirements relating to notice and  
10 renewal of workers' compensation and commercial insurance policies.

11 BY repealing and reenacting, with amendments,  
12 Article – Insurance  
13 Section 27–608  
14 Annotated Code of Maryland  
15 (2006 Replacement Volume and 2006 Supplement)

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

18 **Article – Insurance**

19 27–608.

20 (a) This section applies [only to policies of commercial insurance] **TO:**

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           **(1) POLICIES OF COMMERCIAL INSURANCE; AND**

2           **(2) WORKERS' COMPENSATION INSURANCE.**

3           (b) Unless an insurer has given notice of its intention not to renew a policy  
4 subject to this section, [if the insurer seeks to increase the renewal policy premium by  
5 20% or more,] the insurer shall send a notice to the named insured and insurance  
6 producer, if any, not less than 45 days prior to the renewal date of the policy.

7           (c) A notice under this section shall include:

8           (1) both the expiring policy premium and the renewal policy premium;  
9 and

10           (2) the telephone number for the insurer or insurance producer, if any,  
11 together with a statement that the insured may call to request additional information  
12 about the premium increase.

13           (d) (1) If [an] **THE INSURER SEEKS TO INCREASE THE RENEWAL**  
14 **POLICY PREMIUM BY 20% OR MORE AND THE** insurer's rating methodology requires  
15 the insured to provide information to calculate the renewal policy premium, an insurer  
16 shall provide a reasonable estimate of the renewal policy premium if:

17           (i) the insurer has requested the required information from the  
18 insured; and

19           (ii) the insurer has not received the requested information.

20           (2) A reasonable estimate under this subsection shall be based upon  
21 the information available to the insurer at the time the notice is sent.

22           (e) In determining the amount of a premium increase under this section, the  
23 insurer is not required to include premium resulting from:

24           (1) an increase in the units of exposure;

25           (2) the application of an experience rating plan;

26           (3) the application of a retrospective rating plan;

27           (4) a change made by the insured that increases the insurer's  
28 exposure; or

1           (5)    an audit of the insured.

2           (f)    A notice required by this section shall be sent by first-class mail and may  
3 be sent together with the renewal policy.

4           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be  
5 construed to apply to all commercial and workers' compensation lines of property and  
6 casualty insurance issued, delivered, or renewed on or after the effective date of this  
7 Act.

8           SECTION 3. AND BE IT FURTHER ENACTED, That this Act is an emergency  
9 measure, is necessary for the immediate preservation of the public health or safety,  
10 has been passed by a yea and nay vote supported by three-fifths of all the members  
11 elected to each of the two Houses of the General Assembly, and shall take effect from  
12 the date it is enacted.