

SENATE BILL 765

K1, C4

EMERGENCY BILL

71r2561

By: **Senator Exum**

Introduced and read first time: February 12, 2007

Assigned to: Rules

Re-referred to: Finance, February 22, 2007

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 16, 2007

CHAPTER _____

1 AN ACT concerning

2 **Workers' Compensation 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:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 **Article – Insurance**

2 27–608.

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

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

5 **(2) POLICIES OF WORKERS’ COMPENSATION INSURANCE.**

6 (b) Unless an insurer has given notice of its intention not to renew a policy
7 subject to this section, ~~if the insurer seeks to increase the renewal policy premium by~~
8 ~~20% or more,~~ the insurer shall send a notice to the named insured and insurance
9 producer, if any, not less than 45 days prior to the renewal date of the policy.

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

11 (1) both the expiring policy premium and the renewal policy premium;
12 and

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

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

20 (i) the insurer has requested the required information from the
21 insured; and

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

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

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

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

- 1 (2) the application of an experience rating plan;
- 2 (3) the application of a retrospective rating plan;
- 3 (4) a change made by the insured that increases the insurer's
- 4 exposure; or
- 5 (5) an audit of the insured.

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

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall be
9 construed to apply to all ~~commercial and workers' compensation lines of property and~~
10 ~~casualty~~ insurance policies issued, delivered, or renewed on or after the effective date
11 of this Act.

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

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.