

HOUSE BILL 162

C4

9lr0046

By: **Chair, Economic Matters Committee (By Request – Departmental – Insurance Administration, Maryland)**

Introduced and read first time: January 26, 2009

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Notice of Premium Increase for Commercial and Workers’**
3 **Compensation Insurance**

4 FOR the purpose of making certain notice requirements applicable to all premium
5 increases for policies of commercial insurance and policies of workers’
6 compensation insurance; clarifying language; and generally relating to premium
7 increases for commercial and workers’ compensation insurance policies.

8 BY repealing and reenacting, with amendments,
9 Article – Insurance
10 Section 27–608
11 Annotated Code of Maryland
12 (2006 Replacement Volume and 2008 Supplement)

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

15 **Article – Insurance**

16 27–608.

17 (a) This section applies to:

18 (1) policies of commercial insurance; and

19 (2) policies of workers’ compensation insurance.

20 (b) Unless an insurer has given notice of its intention not to renew a policy
21 subject to this section, if the insurer seeks to increase the renewal policy premium [by

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 20% or more], the insurer shall send a notice to the named insured and insurance
2 producer, if any, not less than 45 days prior to the renewal date of the policy.

3 (c) **[A] SUBJECT TO SUBSECTION (D) OF THIS SECTION, A** notice under
4 this section shall include:

5 (1) both the expiring policy premium and the renewal policy premium;
6 and

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

10 (d) (1) If an **INSURER SEEKS TO INCREASE THE RENEWAL POLICY**
11 **PREMIUM AND THE** insurer's rating methodology requires the insured to provide
12 information to calculate the renewal policy premium, an insurer shall provide a
13 reasonable estimate of the renewal policy premium if:

14 (i) the insurer has requested the required information from the
15 insured; and

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

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

19 (e) **[In determining the amount of a premium increase under this section, the**
20 **insurer is not required to include premium resulting] THE REQUIREMENTS OF THIS**
21 **SECTION DO NOT APPLY TO THE EXTENT THE PREMIUM INCREASE RESULTS**
22 **from:**

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

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

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

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

28 (5) an audit of the insured.

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

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
32 October 1, 2009.