

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

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 18, 2009

CHAPTER _____

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, with a certain exception; establishing certain methods
7 for satisfying a certain notice requirement; clarifying language; providing for a
8 delayed effective date; and generally relating to premium increases for
9 commercial and workers' compensation insurance policies.

10 BY repealing and reenacting, with amendments,
11 Article - Insurance
12 Section 27-608
13 Annotated Code of Maryland
14 (2006 Replacement Volume and 2008 Supplement)

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

17 **Article - Insurance**

18 27-608.

19 (a) **(1)** This section applies to:

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 ~~(1)~~ **(I)** policies of commercial insurance; and

2 ~~(2)~~ **(II)** policies of workers' compensation insurance.

3 **(2) THIS SECTION DOES NOT APPLY TO POLICIES ISSUED TO**
 4 **EXEMPT COMMERCIAL POLICYHOLDERS, AS DEFINED IN § 11-206(J) OF THIS**
 5 **ARTICLE.**

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

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

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

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

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

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

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

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

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

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

- 1 (3) the application of a retrospective rating plan;
- 2 (4) a change made by the insured that increases the insurer’s
- 3 exposure; or
- 4 (5) an audit of the insured.
- 5 (f) A notice required by this section shall be sent by first-class mail and may
- 6 be sent together with the renewal policy.

7 **(G) AN INSURER SHALL BE CONSIDERED TO HAVE MET THE NOTICE**
 8 **REQUIREMENT OF THIS SECTION IF, NOT LESS THAN 45 DAYS BEFORE THE**
 9 **EFFECTIVE DATE OF THE RENEWAL POLICY THE INSURER HAS SENT:**

10 **(1) TO THE NAMED INSURED, A RENEWAL POLICY THAT INCLUDES**
 11 **THE RENEWAL POLICY PREMIUM;**

12 **(2) TO THE NAMED INSURED AND INSURANCE PRODUCER, IF ANY,**
 13 **A WRITTEN NOTICE OF RENEWAL OR CONTINUATION OF COVERAGE THAT**
 14 **INCLUDES THE RENEWAL OR CONTINUATION PREMIUM; OR**

15 **(3) TO THE NAMED INSURED AND INSURANCE PRODUCER, IF ANY,**
 16 **A RENEWAL OFFER THAT INCLUDES A REASONABLE ESTIMATE OF THE RENEWAL**
 17 **POLICY PREMIUM.**

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
 19 ~~October 1, 2009~~ January 1, 2010.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.