

# SENATE BILL 768

C4

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CF HB 648

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By: **Senator Astle**

Introduced and read first time: February 6, 2009

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Insurance and Workers' Compensation Insurance – Renewals of**  
3 **Policies – Transfers of Policyholders Between Insurers**

4 FOR the purpose of providing that, with respect to commercial insurance policies and  
5 workers' compensation insurance policies, the transfer of a policyholder between  
6 certain insurers within a certain insurance holding company system is a  
7 renewal under certain circumstances; providing that, with respect to  
8 commercial insurance and workers' compensation insurance, the issuance by an  
9 insurer of a new policy to replace an expiring policy issued by that insurer is a  
10 renewal; providing that, with respect to commercial insurance and workers'  
11 compensation insurance, the issuance by an insurer of a new policy to replace  
12 an expiring policy issued by a certain insurer within a certain insurance holding  
13 company system is a renewal under certain circumstances; requiring, for  
14 policies of commercial insurance and policies of workers' compensation  
15 insurance, that certain notice of the transfer of a policyholder between certain  
16 insurers be provided under certain circumstances; providing for the application  
17 of this Act; and generally relating to transfers of policyholders between insurers  
18 and renewals of policies of commercial insurance and workers' compensation  
19 insurance.

20 BY repealing and reenacting, without amendments,  
21 Article – Insurance  
22 Section 27–501(a)  
23 Annotated Code of Maryland  
24 (2006 Replacement Volume and 2008 Supplement)

25 BY repealing and reenacting, with amendments,  
26 Article – Insurance  
27 Section 27–501(q) and 27–601.1  
28 Annotated Code of Maryland  
29 (2006 Replacement Volume and 2008 Supplement)

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 BY adding to  
2 Article – Insurance  
3 Section 27–608.1  
4 Annotated Code of Maryland  
5 (2006 Replacement Volume and 2008 Supplement)

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

8 **Article – Insurance**

9 27–501.

10 (a) (1) An insurer or insurance producer may not cancel or refuse to  
11 underwrite or renew a particular insurance risk or class of risk for a reason based  
12 wholly or partly on race, color, creed, sex, or blindness of an applicant or policyholder  
13 or for any arbitrary, capricious, or unfairly discriminatory reason.

14 (2) Except as provided in this section, an insurer or insurance  
15 producer may not cancel or refuse to underwrite or renew a particular insurance risk  
16 or class of risk except by the application of standards that are reasonably related to  
17 the insurer’s economic and business purposes.

18 (q) For purposes of this section, with respect to private passenger motor  
19 vehicle insurance policies, [and] homeowner’s insurance policies, **COMMERCIAL**  
20 **INSURANCE POLICIES, AND WORKERS’ COMPENSATION INSURANCE POLICIES,**  
21 the transfer of a policyholder between admitted insurers within the same insurance  
22 holding company system, as defined in § 7–101 of this article, is a renewal if:

23 (1) the policyholder’s premium does not increase; and

24 (2) the policyholder does not experience a reduction in coverage.

25 27–601.1.

26 (a) For purposes of this subtitle, with respect to policies of personal  
27 insurance [and], private passenger motor vehicle liability insurance, **COMMERCIAL**  
28 **INSURANCE, AND WORKERS’ COMPENSATION INSURANCE,** the issuance by an  
29 insurer of a new policy to replace an expiring policy issued by that insurer is a  
30 renewal.

31 (b) For purposes of this subtitle, with respect to policies of personal  
32 insurance [and], private passenger motor vehicle liability insurance, **COMMERCIAL**  
33 **INSURANCE, AND WORKERS’ COMPENSATION INSURANCE,** the issuance by an  
34 insurer of a new policy to replace an expiring policy issued by another admitted

1 insurer within the same insurance holding company system, as defined in § 7-101 of  
2 this article, is a renewal if:

3 (1) the policyholder's premium does not increase; and

4 (2) the policyholder does not experience a reduction in coverage.

5 **27-608.1.**

6 (A) **THIS SECTION APPLIES TO POLICIES OF COMMERCIAL INSURANCE**  
7 **AND POLICIES OF WORKERS' COMPENSATION INSURANCE.**

8 (B) **IF A POLICYHOLDER IS BEING TRANSFERRED BETWEEN ADMITTED**  
9 **INSURERS WITHIN THE SAME INSURANCE HOLDING COMPANY SYSTEM, AS**  
10 **DEFINED IN § 7-101 OF THIS ARTICLE, THE INSURER SHALL PROVIDE NOTICE**  
11 **OF THE TRANSFER TO THE POLICYHOLDER.**

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
13 policies of commercial insurance and workers' compensation insurance issued,  
14 delivered, or renewed in the State on or after October 1, 2009.

15 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
16 October 1, 2009.