

CHAPTER 376

(House Bill 162)

AN ACT concerning

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

FOR the purpose of making certain notice requirements applicable to all premium increases for policies of commercial insurance and policies of workers’ compensation insurance, with a certain exception; establishing certain methods for satisfying a certain notice requirement; clarifying language; providing for a delayed effective date; and generally relating to premium increases for commercial and workers’ compensation insurance policies.

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

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

Article – Insurance

27–608.

- (a) **(1)** This section applies to:
- ~~(1)~~ **(I)** policies of commercial insurance; and
 - ~~(2)~~ **(II)** policies of workers’ compensation insurance.

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

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

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

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

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

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

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

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

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

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

(1) an increase in the units of exposure;

(2) the application of an experience rating plan;

(3) the application of a retrospective rating plan;

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

(5) an audit of the insured.

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

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

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

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

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

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

Approved by the Governor, May 7, 2009.