

Department of Legislative Services  
Maryland General Assembly  
2010 Session

FISCAL AND POLICY NOTE  
Revised

House Bill 249  
Economic Matters

(Delegate Rudolph)

Finance

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Insurance - Premium Increase for Commercial and Workers' Compensation  
Insurance - Notice

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This bill requires an insurer that sells commercial and workers' compensation insurance to notify an independent insurance producer of an increase in the renewal policy premium by sending the producer a copy of the renewal policy or a specified notice of electronic availability at least 45 days before the policy's effective date.

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Fiscal Summary

**State Effect:** The bill does not directly affect State finances or operations.

**Local Effect:** The bill does not directly affect local finances or operations.

**Small Business Effect:** Potential minimal.

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Analysis

**Current Law/Background:** Before January 1, 2010, insurers writing commercial and workers' compensation insurance were only required to notify a named insured and insurance producer if a renewal policy premium increased by 20% or more. However, Chapter 376 of 2009 requires an insurer writing commercial and workers' compensation insurance to notify a named insured and insurance producer of any increase in the renewal policy premium at least 45 days before the renewal date.

An insurer can meet the 45-day notice requirement by including the new premium in a renewal policy sent only to the named insured. An insurer may also comply with the notice requirement by sending both the named insured and insurance producer (1) a

renewal notice that includes the new policy premium; or (2) a renewal offer that includes a reasonable estimate of the new premium. These provisions do not apply to exempt commercial policyholders that pay aggregate property and casualty premiums of at least \$25,000 per year and meet certain revenue, net worth, employment, or other relevant criteria.

The bill ensures that an independent insurance producer learns of premium increases, and any associated policy changes, at the same time as the insured. Thus, the insurance producer will have access to the same information as the insured, can answer questions, and negotiate with the insurer on the insured's behalf.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 236 (Senator Middleton, *et al.*) - Finance.

**Information Source(s):** Department of Legislative Services

**Fiscal Note History:** First Reader - January 28, 2010  
mpc/ljm Revised - House Third Reader - March 18, 2010

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