

SENATE BILL 317

C4

11r1129
CF 11r2456

By: **Senators Pinsky and Brinkley**

Introduced and read first time: February 2, 2011

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Property and Casualty Insurance – Victims of Crimes of Violence –**
3 **Discrimination Prohibited**

4 FOR the purpose of prohibiting insurers from using information about an individual's
5 status as a victim of a crime of violence to take certain actions relating to a
6 policy of property and casualty insurance; providing that an insurer may not
7 deny payment to an innocent coinsured under certain circumstances; limiting
8 payment to an innocent coinsured under certain circumstances; authorizing the
9 Maryland Insurance Commissioner to take certain actions on a finding of
10 certain violations; defining certain terms; providing for the application of this
11 Act; and generally relating to victims of crimes of violence and discrimination in
12 property and casualty insurance.

13 BY repealing and reenacting, without amendments,
14 Article – Insurance
15 Section 27–501(a) and (b)
16 Annotated Code of Maryland
17 (2006 Replacement Volume and 2010 Supplement)

18 BY adding to
19 Article – Insurance
20 Section 27–504.1
21 Annotated Code of Maryland
22 (2006 Replacement Volume and 2010 Supplement)

23 BY repealing and reenacting, with amendments,
24 Article – Insurance
25 Section 27–505(a)(1)
26 Annotated Code of Maryland
27 (2006 Replacement Volume and 2010 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

3 **Article – Insurance**

4 **27–501.**

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

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

13 (b) (1) An insurer may not require special conditions, facts, or situations
14 as a condition to its acceptance or renewal of a particular insurance risk or class of
15 risks in an arbitrary, capricious, unfair, or discriminatory manner based wholly or
16 partly on race, creed, color, sex, religion, national origin, place of residency, blindness,
17 or other physical handicap or disability.

18 (2) Actuarial justification may be considered with respect to sex.

19 **27–504.1.**

20 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE
21 MEANINGS INDICATED.

22 (2) “CRIME OF VIOLENCE” HAS THE MEANING STATED IN §
23 14–101 OF THE CRIMINAL LAW ARTICLE.

24 (3) “VICTIM” MEANS A PERSON WHO SUFFERS PERSONAL
25 INJURY, DEATH, OR PROPERTY LOSS AS A RESULT OF A CRIME OF VIOLENCE.

26 (B) EXCEPT AS OTHERWISE PROVIDED IN THIS ARTICLE, IF AN
27 INDIVIDUAL IS A VICTIM OF A CRIME OF VIOLENCE, AN INSURER MAY NOT USE
28 INFORMATION ABOUT THE INDIVIDUAL’S STATUS AS A VICTIM OF A CRIME OF
29 VIOLENCE TO:

30 (1) CANCEL, REFUSE TO UNDERWRITE OR RENEW, OR REFUSE TO
31 ISSUE A POLICY OF PROPERTY AND CASUALTY INSURANCE;

32 (2) REFUSE TO PAY A CLAIM UNDER A POLICY OF PROPERTY AND
33 CASUALTY INSURANCE;

1 **(3) INCREASE RATES FOR PROPERTY AND CASUALTY INSURANCE;**
2 **OR**

3 **(4) FOR A POLICY OF PROPERTY AND CASUALTY INSURANCE, ADD**
4 **A SURCHARGE, APPLY A RATING FACTOR, OR USE ANY OTHER UNDERWRITING**
5 **PRACTICE THAT ADVERSELY TAKES THE INFORMATION INTO ACCOUNT.**

6 **(c) (1) IF A POLICY OF PROPERTY AND CASUALTY INSURANCE**
7 **EXCLUDES PROPERTY COVERAGE FOR INTENTIONAL ACTS, THE INSURER MAY**
8 **NOT DENY PAYMENT TO AN INNOCENT COINSURED WHO DID NOT COOPERATE IN**
9 **OR CONTRIBUTE TO THE CREATION OF THE LOSS IF:**

10 **(i) THE LOSS AROSE OUT OF A CRIME OF VIOLENCE; AND**

11 **(ii) THE PERPETRATOR OF THE LOSS IS CRIMINALLY**
12 **PROSECUTED FOR THE ACT CAUSING THE LOSS.**

13 **(2) PAYMENT TO THE INNOCENT COINSURED MAY BE LIMITED TO**
14 **THE INNOCENT COINSURED'S OWNERSHIP INTEREST IN THE PROPERTY AS**
15 **REDUCED BY ANY PAYMENT TO A MORTGAGOR OR OTHER SECURED PARTY.**

16 27-505.

17 (a) (1) If the Commissioner finds that an insurer has violated § 27-501, §
18 27-503, [or] § 27-504, **OR § 27-504.1** of this subtitle, the Commissioner, in addition
19 to any other power granted by this article, may order the insurer to accept the risk, or
20 accept the business, as appropriate.

21 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
22 policies and contracts of property and casualty insurance issued, delivered, or renewed
23 in the State on or after October 1, 2011.

24 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
25 October 1, 2011.