

# SENATE BILL 256

C4

2lr1619

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By: **Senator Astle**

Introduced and read first time: January 25, 2012

Assigned to: Finance

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## A BILL ENTITLED

1 AN ACT concerning

2 **Property and Casualty Insurance – Commercial Policies – Notices of**  
3 **Premium Increases**

4 FOR the purpose of altering the scope of certain provisions of law that require an  
5 insurer to send to certain persons a certain notice of a premium increase for  
6 policies of commercial insurance and policies of workers' compensation  
7 insurance; providing that the provisions of law do not apply to policies for which  
8 the renewal policy premium is in excess of a certain amount and a certain  
9 percentage increase over the expiring policy premium; providing for the  
10 application of this Act; and generally relating to notices of premium increases  
11 for property and casualty insurance.

12 BY repealing and reenacting, with amendments,  
13 Article – Insurance  
14 Section 27–608  
15 Annotated Code of Maryland  
16 (2011 Replacement Volume)

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

19 **Article – Insurance**

20 27–608.

21 (a) (1) This section applies to:

22 (i) policies of commercial insurance; and

23 (ii) policies of workers' compensation insurance.

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1           (2)    This section does not apply to policies:

2                           **(I)**    issued to exempt commercial policyholders, as defined in §  
3 11-206(j) of this article; **OR**

4                           **(II)**   **FOR WHICH THE RENEWAL POLICY PREMIUM IS:**

5   **1.    IN EXCESS OF \$500; AND**

6   **2.    AN INCREASE OVER THE EXPIRING POLICY**  
7 **PREMIUM OF 5% OR LESS.**

8           (b)    Unless an insurer has given notice of its intention not to renew a policy  
9 subject to this section, if the insurer seeks to increase the renewal policy premium, the  
10 insurer shall send a notice to the named insured and insurance producer, if any, not  
11 less than 45 days prior to the renewal date of the policy.

12           (c)    Subject to subsection (d) of this section, a notice under this section shall  
13 include:

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

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

19           (d)    (1)    If an insurer seeks to increase the renewal policy premium and the  
20 insurer's rating methodology requires the insured to provide information to calculate  
21 the renewal policy premium, an insurer shall provide a reasonable estimate of the  
22 renewal policy premium if:

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

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

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

28           (e)    The requirements of this section do not apply to the extent that the  
29 premium increase results 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 requirement of this  
8 section if, not less than 45 days before the effective date of the renewal policy, the  
9 insurer has sent:

10           (1)    (i)    to the named insured, a renewal policy that includes the  
11 renewal policy premium; and

12                   (ii)   to the independent insurance producer, if any:

13                           1.    a copy of the renewal policy that includes the renewal  
14 policy premium through postal or electronic mail; or

15                           2.    at the same time as the insurer sends the renewal  
16 policy to the insured, a notice of the availability of the renewal policy through the  
17 insurer's online electronic system;

18           (2)    to the named insured and insurance producer, if any, a written  
19 notice of renewal or continuation of coverage that includes the renewal or continuation  
20 premium; or

21           (3)    to the named insured and insurance producer, if any, a renewal  
22 offer that includes a reasonable estimate of the renewal policy premium.

23           SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
24 policies of commercial insurance and all policies of workers' compensation insurance  
25 issued, delivered, or renewed in the State on or after the effective date of this Act.

26           SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
27 October 1, 2012.