

SENATE BILL 256

C4

2lr1619
CF HB 876

By: **Senator Astle**

Introduced and read first time: January 25, 2012

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 21, 2012

CHAPTER _____

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.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

2 (i) policies of commercial insurance; and

3 (ii) policies of workers' compensation insurance.

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

5 (I) issued to exempt commercial policyholders, as defined in §
6 11-206(j) of this article; OR

7 (II) FOR WHICH THE RENEWAL POLICY PREMIUM IS:

8 1. IN EXCESS OF ~~\$500~~ \$1,000; AND

9 2. AN INCREASE OVER THE EXPIRING POLICY
10 PREMIUM OF ~~5% OR LESS~~ THE LESSER OF 3% OR \$300.

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

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

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

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

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

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

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

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

1 (e) The requirements of this section do not apply to the extent that the
2 premium increase results from:

- 3 (1) an increase in the units of exposure;
- 4 (2) the application of an experience rating plan;
- 5 (3) the application of a retrospective rating plan;
- 6 (4) a change made by the insured that increases the insurer's
7 exposure; or
- 8 (5) an audit of the insured.

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

11 (g) An insurer shall be considered to have met the notice requirement of this
12 section if, not less than 45 days before the effective date of the renewal policy, the
13 insurer has sent:

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

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

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

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

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

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

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

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