

Chapter 473

(House Bill 876)

AN ACT concerning

Property and Casualty Insurance – Commercial Policies – Notices of Premium Increases

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

BY repealing and reenacting, with amendments,

Article – Insurance

Section 27–608

Annotated Code of Maryland

(2011 Replacement Volume)

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:

- (i) policies of commercial insurance; and
- (ii) policies of workers' compensation insurance.

(2) This section does not apply to policies:

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

(II) FOR WHICH THE RENEWAL POLICY PREMIUM IS:

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

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

(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, 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) 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) The requirements of this section do not apply to the extent that 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) (i) to the named insured, a renewal policy that includes the renewal policy premium; and

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

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

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

(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 apply to all policies of commercial insurance and all policies of workers' compensation insurance issued, delivered, or renewed in the State on or after the effective date of this Act.

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

Approved by the Governor, May 22, 2012.