

# SENATE BILL 368

C4

5lr1919  
CF HB 358

---

By: **Senator Kelley**

Introduced and read first time: February 6, 2015

Assigned to: Finance

---

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 4, 2015

---

## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Workers' Compensation Insurance – Cancellation and Nonrenewal – Notice**

3 FOR the purpose of altering the time period within which an insurer, except under certain  
4 circumstances, must serve a certain notice on an employer and file a copy of the  
5 notice with a certain individual if the insurer is canceling or refusing to renew a  
6 workers' compensation insurance policy before its expiration; providing for a delayed  
7 effective date; and generally relating to cancellation and nonrenewal of workers'  
8 compensation insurance policies.

9 BY repealing and reenacting, with amendments,  
10 Article – Insurance  
11 Section 19–406  
12 Annotated Code of Maryland  
13 (2011 Replacement Volume and 2014 Supplement)

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

16 **Article – Insurance**

17 19–406.

18 (a) Except for a cancellation for nonpayment of premium, an insurer may not  
19 cancel or refuse to renew a workers' compensation insurance policy before its expiration  
20 unless, at least [30] **45** days before the date of cancellation or nonrenewal, the insurer:

---

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 (1) serves on the employer, by personal service or certified mail addressed  
2 to the last known address of the employer, a notice of intention to cancel or nonrenew the  
3 policy; and

4 (2) files a copy of the notice with the State Workers' Compensation  
5 Commission's designee.

6 (b) Notice under this section may be given:

7 (1) if the employer is a corporation, to an agent or officer of the corporation  
8 on whom legal process may be served; and

9 (2) if the employer is a partnership, to a partner.

10 (c) Notice under this section shall state when the cancellation or nonrenewal  
11 takes effect.

12 (d) Whenever an employer receives a notice under this section, the employer  
13 immediately shall secure coverage in accordance with § 9-402 of the Labor and  
14 Employment Article that will be in effect when the cancellation takes effect.

15 (e) (1) The notice shall state the insurer's actual reason for proposing the  
16 cancellation or nonrenewal of the policy.

17 (2) The Commissioner may not disallow a proposed action of an insurer  
18 because the statement of actual reason contains:

19 (i) grammatical, typographical, or other errors, if the errors are not  
20 material to the proposed action and are not misleading;

21 (ii) surplus information, if the surplus information is not misleading;  
22 or

23 (iii) erroneous information, if in the absence of the erroneous  
24 information there is a sufficient basis to support the proposed action.

25 (f) (1) At least 10 days before the date of cancellation of a workers'  
26 compensation insurance policy for nonpayment of premium, the insurer shall send to the  
27 employer, by certificate of mail, a written notice of the intention to cancel for nonpayment  
28 of premium.

29 (2) An insurer shall file a copy of the notice sent under paragraph (1) of  
30 this subsection with the State Workers' Compensation Commission's designee.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
32 ~~October 1, 2015~~ January 1, 2016.