

Chapter 88

(House Bill 358)

AN ACT concerning

Workers' Compensation Insurance – Cancellation and Nonrenewal – Notice

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

BY repealing and reenacting, with amendments,

Article – Insurance

Section 19–406

Annotated Code of Maryland

(2011 Replacement Volume and 2014 Supplement)

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

Article – Insurance

19–406.

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

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

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

(b) Notice under this section may be given:

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

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

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

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

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

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

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

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

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

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

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

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

Approved by the Governor, April 14, 2015.