

HOUSE BILL 916

C4
SB 1028/16 – FIN

7lr1393

By: **Delegates Sydnor, Barkley, Brooks, Hettleman, Jameson, Stein, Valderrama,
and P. Young**

Introduced and read first time: February 6, 2017

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 10, 2017

CHAPTER _____

1 AN ACT concerning

2 **Motor Vehicle Insurance – Discrimination in Underwriting and Rating –**
3 **Prohibitions**

4 FOR the purpose of prohibiting an insurer, with respect to private passenger motor vehicle
5 insurance, from ~~refusing to underwrite, canceling, refusing to renew, rating a risk,~~
6 ~~or increasing a renewal premium based, in whole or in part, on the marital status or~~
7 ~~employment or occupation of or education level attained by the insured or applicant;~~
8 ~~repealing certain provisions of law authorizing an insurer, under certain~~
9 ~~circumstances, to use the credit history of an applicant to rate a new policy of private~~
10 ~~passenger motor vehicle insurance; defining a certain term; making conforming~~
11 ~~changes~~ increasing the premium for an insured who becomes a surviving spouse
12 based solely on the insured's change in marital status; and generally relating to
13 private passenger motor vehicle insurance.

14 BY repealing and reenacting, with amendments,
15 Article – Insurance
16 Section 27–501(e–2)
17 Annotated Code of Maryland
18 (2011 Replacement Volume and 2016 Supplement)

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

21 **Article – Insurance**

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 27-501.

2 (e-2) (1) In this subsection, "credit history" means any written, oral, or other
3 communication of any information by a consumer reporting agency bearing on a consumer's
4 creditworthiness, credit standing, or credit capacity that is used or expected to be used, or
5 collected in whole or in part, for the purpose of determining personal lines insurance
6 premiums or eligibility for coverage.

7 (2) With respect to homeowner's insurance, an insurer may not:

8 (i) refuse to underwrite, cancel, or refuse to renew a risk based, in
9 whole or in part, on the credit history of an applicant or insured;

10 (ii) rate a risk based, in whole or in part, on the credit history of an
11 applicant or insured in any manner, including:

- 12 1. the provision or removal of a discount;
- 13 2. assigning the insured or applicant to a rating tier; or
- 14 3. placing an insured or applicant with an affiliated
15 company; or

16 (iii) require a particular payment plan based, in whole or in part, on
17 the credit history of the insured or applicant.

18 (3) (i) With respect to private passenger motor vehicle insurance, an
19 insurer may not:

20 1. refuse to underwrite, cancel, refuse to renew, ~~RATE A~~
21 ~~RISK~~, or increase the renewal premium based, in whole or in part, on the

22 ~~A. credit history of the insured or applicant;~~

23 ~~B. MARITAL STATUS OF THE INSURED OR APPLICANT;~~

24 ~~C. EMPLOYMENT OR OCCUPATION OF THE INSURED OR~~
25 ~~APPLICANT; OR~~

26 ~~D. EDUCATION LEVEL ATTAINED BY THE INSURED OR~~
27 ~~APPLICANT; or~~

28 2. require a particular payment plan based, in whole or in
29 part, on the credit history of the insured or applicant.

1 ~~¶~~(ii) 1. An insurer may, subject to paragraphs (4) and (5) of this
 2 subsection, use the credit history of an applicant to rate a new policy of private passenger
 3 motor vehicle insurance.

4 ~~2.¶~~ ~~(H)~~ For purposes of this ~~¶~~subsection, ~~rating¶~~
 5 ~~PARAGRAPH, "RATE" includes:~~ INCLUDES:

6 ~~¶A.¶~~ ~~1.~~ the provision or removal of a discount;

7 ~~¶B.¶~~ ~~2.~~ assigning the ~~INSURED OR~~ applicant to a rating
 8 tier; or

9 ~~¶C.¶~~ ~~3.~~ placing an ~~INSURED OR~~ applicant with an affiliated
 10 company.

11 ~~¶~~(4) With respect to private passenger motor vehicle insurance, an insurer
 12 that rates a new policy based, in whole or in part, on the credit history of the applicant:

13 (i) may not use a factor on the credit history of the applicant that
 14 occurred more than 5 years prior to the issuance of the new policy;

15 (ii) 1. shall advise an applicant at the time of application that
 16 credit history is used; and

17 2. shall, on request of the applicant, provide a premium
 18 quotation that separately identifies the portion of the premium attributable to the
 19 applicant's credit history;

20 (iii) may not use the following factors in rating the policy:

21 1. the absence of credit history or the inability to determine
 22 the applicant's credit history; or

23 2. the number of credit inquiries about an applicant's credit
 24 history;

25 (iv) 1. shall review the credit history of an insured who was
 26 adversely impacted by the use of the insured's credit history at the initial rating of the
 27 policy:

28 A. every 2 years; or

29 B. on request of the insured; and

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1 2. shall adjust the premium of an insured whose credit
2 history was reviewed under this subparagraph to reflect any improvement in the insured's
3 credit history; or

4 (v) shall disclose to the applicant at the time of the issuance of a
5 policy that the insurer is required to:

6 1. review the credit history of an insured who was adversely
7 impacted by the use of the insured's credit history at the initial rating or underwriting of
8 the policy:

9 A. every 2 years; or

10 B. on request of the insured; and

11 2. adjust the premium of an insured whose credit history was
12 reviewed to reflect any improvement in the insured's credit history.

13 (5) With respect to private passenger motor vehicle insurance, an insurer
14 that rates a new policy based, in whole or in part, on the credit history of the applicant may,
15 if actuarially justified, provide a discount of up to 40% or impose a surcharge of up to 40%.‡

16 **(6) WITH RESPECT TO PRIVATE PASSENGER MOTOR VEHICLE**
17 **INSURANCE, AN INSURER MAY NOT INCREASE THE PREMIUM FOR AN INSURED WHO**
18 **BECOMES A SURVIVING SPOUSE BASED SOLELY ON THE INSURED'S CHANGE IN**
19 **MARITAL STATUS.**

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 October 1, 2017.

Approved:

Governor.

Speaker of the House of Delegates.

President of the Senate.