

Chapter 639

(House Bill 916)

AN ACT concerning

Motor Vehicle Insurance – Discrimination in Underwriting and Rating – Prohibitions

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

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

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

Article – Insurance

27–501.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

~~[A.] 1.~~ the provision or removal of a discount;

~~[B.] 2.~~ assigning the ~~INSURED OR~~ applicant to a rating tier; or

~~[C.] 3.~~ placing an ~~INSURED OR~~ applicant with an affiliated company.

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

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

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

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

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

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

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

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

A. every 2 years; or

B. on request of the insured; and

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

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

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

A. every 2 years; or

B. on request of the insured; and

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

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

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

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

Approved by the Governor, May 25, 2017.