

# HOUSE BILL 656

C4

8lr0946  
CF 8lr1810

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By: **Delegates Sydnor, Barkley, Carr, Cullison, Davis, Gilchrist, Hettleman, Hixson, Jameson, Queen, and Tarlau**

Introduced and read first time: January 29, 2018

Assigned to: Economic Matters

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## A BILL ENTITLED

1 AN ACT concerning

2 **Motor Vehicle Insurance – Discrimination in Underwriting and Rating – Use of**  
3 **Occupation or Education Level**

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 occupation, or on  
7 the education level attained by, the insured or applicant; and generally relating to  
8 private passenger motor vehicle insurance.

9 BY repealing and reenacting, with amendments,  
10 Article – Insurance  
11 Section 27–501(e–2)  
12 Annotated Code of Maryland  
13 (2017 Replacement Volume)

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 27–501.

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

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

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

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

- 13 1. refuse to underwrite, cancel, refuse to renew, or increase  
14 the renewal premium based, in whole or in part, on the credit history of the insured or  
15 applicant; or
- 16 2. require a particular payment plan based, in whole or in  
17 part, on the credit history of the insured or applicant.

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

21 2. For purposes of this subsection, rating includes:

- 22 A. the provision or removal of a discount;
- 23 B. assigning the applicant to a rating tier; or
- 24 C. placing an applicant with an affiliated company.

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

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

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

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

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

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

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

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

12   A.     every 2 years; or

13   B.     on request of the insured; and

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

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

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

22   A.     every 2 years; or

23   B.     on request of the insured; and

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

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

29                                   (6)     With respect to private passenger motor vehicle insurance, an insurer  
30 may not increase the premium for an insured who becomes a surviving spouse based solely  
31 on the insured's change in marital status.

32                                   **(7)     WITH RESPECT TO PRIVATE PASSENGER MOTOR VEHICLE**

1 INSURANCE, AN INSURER MAY NOT REFUSE TO UNDERWRITE, CANCEL, REFUSE TO  
2 RENEW, RATE A RISK, OR INCREASE THE RENEWAL PREMIUM BASED, IN WHOLE OR  
3 IN PART, ON THE OCCUPATION OF, OR ON THE EDUCATION LEVEL ATTAINED BY, THE  
4 INSURED OR APPLICANT.

5 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
6 October 1, 2018.