

HOUSE BILL 329

C4
HB 656/18 – ECM

9lr1041
CF SB 233

By: ~~Delegates Sydnor, D.E. Davis, Brooks, Charkoudian, Fennell, and Queen~~
Queen, and Harrison

Introduced and read first time: January 28, 2019
Assigned to: Economic Matters

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 11, 2019

CHAPTER _____

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 of, or~~
7 ~~on the education level attained by, the insured or applicant~~ requiring the Maryland
8 Insurance Administration to study the use of certain factors in private passenger
9 motor vehicle insurance; requiring the Administration to review certain matters as
10 part of the study; requiring the Administration to submit its report to certain
11 committees on or before a certain date; and generally relating to private passenger
12 motor vehicle insurance.

13 ~~BY repealing and reenacting, with amendments,~~
14 ~~Article – Insurance~~
15 ~~Section 27-501(c-2)~~
16 ~~Annotated Code of Maryland~~
17 ~~(2017 Replacement Volume and 2018 Supplement)~~

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

20 ~~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, or increase~~
 21 ~~the renewal premium based, in whole or in part, on the credit history of the insured or~~
 22 ~~applicant; or~~

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

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

28 ~~2. For purposes of this subsection, rating includes:~~

29 ~~A. the provision or removal of a discount;~~

30 ~~B. assigning the applicant to a rating tier; or~~

31 ~~C. placing an applicant with an affiliated company.~~

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

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

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

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

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

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

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

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

18 ~~A. every 2 years; or~~

19 ~~B. on request of the insured; and~~

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

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

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

28 ~~A. every 2 years; or~~

29 ~~B. on request of the insured; and~~

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

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

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

7 ~~(7) WITH RESPECT TO PRIVATE PASSENGER MOTOR VEHICLE~~
8 ~~INSURANCE, AN INSURER MAY NOT REFUSE TO UNDERWRITE, CANCEL, REFUSE TO~~
9 ~~RENEW, RATE A RISK, OR INCREASE THE RENEWAL PREMIUM BASED, IN WHOLE OR~~
10 ~~IN PART, ON THE OCCUPATION OF, OR ON THE EDUCATION LEVEL ATTAINED BY, THE~~
11 ~~INSURED OR APPLICANT.~~

12 (a) The Maryland Insurance Administration shall study the role of occupation
13 and educational level in policies of private passenger motor vehicle insurance.

14 (b) As part of the study, the Administration shall review:

15 (1) the history, nature, scope, and general effect of the use of occupation,
16 educational level, or both in private passenger motor vehicle insurance in Maryland;

17 (2) the number of states that allow or do not allow the use of occupation,
18 educational level, or both in private passenger motor vehicle insurance, whether or not this
19 is done through statute or administrative decision, and the rationale given by states for
20 allowing or disallowing use of occupation, educational level, or both;

21 (3) the number of complaints involving the use of occupation, educational
22 level, or both in private passenger motor vehicle insurance filed with the Administration in
23 each of the past 5 years and their resolution;

24 (4) the impact of disallowing the use of occupation, educational level, or
25 both in private passenger motor vehicle insurance in Maryland, including the impact on
26 premium levels, underwriting practices, and competition; and

27 (5) as resources may allow, a comparison of the impact of the use of
28 occupation, educational level, or both in private passenger motor vehicle insurance in
29 Maryland with the impact of the use of credit history.

30 (c) On or before December 31, 2019, the Administration shall submit a final
31 report on the study to the Senate Finance Committee and the House Economic Matters
32 Committee in accordance with § 2-1246 of the State Government Article.

33 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
34 ~~October~~ June 1, 2019.