

Article - Insurance

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§27–603.

- (a) (1) This section applies only to policies of commercial insurance.
- (2) This section does not apply to:
 - (i) policies in effect for 45 days or less, as provided in § 12–106 of this article; or
 - (ii) policies issued to exempt commercial policyholders under § 11–206 of this article, if the policies provide for written notice of not less than 30 days of the insurer's intent to cancel or nonrenew.
- (b) (1) Whenever an insurer, as required by subsection (c) of this section, gives notice of its intention to cancel or not to renew a policy issued in this State for a reason other than nonpayment of premium, the insurer shall notify the insured of the possible right to replace the insurance under the Maryland Property Insurance Availability Act, through the Maryland Automobile Insurance Fund, or through another plan for which the insured may be eligible.
- (2) The notice required by paragraph (1) of this subsection shall:
 - (i) be in writing;
 - (ii) if applicable, include the current address and telephone number of the offices of the Joint Insurance Association, the Maryland Automobile Insurance Fund, or other appropriate plan; and
 - (iii) be sent to the insured in the same manner and at the same time as the first written notice of cancellation or of intention not to renew that is given or required by law, regulation, or contract.

(c) (1) Subject to paragraph (5) of this subsection, at least 45 days before the date of the proposed cancellation or expiration of the policy, the insurer shall send to the insured, by a first-class mail tracking method or by commercial mail delivery service, written notice of intention to cancel for a reason other than nonpayment of premium or notice of intention not to renew a policy issued in the State.

(2) The insurer shall maintain proof of mailing in a form authorized or accepted by the United States Postal Service or other commercial mail delivery service.

(3) Notice given to the insured by an insurance producer on behalf of the insurer is deemed to have been given by the insurer for the purposes of this subsection.

(4) No notice is required under this subsection if the insured has replaced the insurance.

(5) An insurer may not cancel a policy midterm except:

(i) when there exists:

1. a material misrepresentation or fraud in connection with the application, policy, or presentation of a claim;

2. a matter or issue related to the risk that constitutes a threat to public safety; or

3. a change in the condition of the risk that results in an increase in the hazard insured against;

(ii) for nonpayment of premium; or

(iii) due to the revocation or suspension of the driver's license or motor vehicle registration:

1. of the named insured or covered driver under the policy; and

2. for reasons related to the driving record of the named insured or covered driver.

(d) At least 10 days before the date an insurer proposes to cancel a policy for nonpayment of premium, the insurer shall send to the insured, by a first-class mail tracking method, a written notice of intention to cancel for nonpayment of premium.

(e) (1) If an insurer provides a renewal policy and notice of premium due to an insured at least 45 days before the renewal date of the policy and the insured fails to make the required payment by the renewal date, the insurer may terminate the policy on the renewal date for nonpayment of premium after sending to the

insured, by a first-class mail tracking method, a written offer to reinstate the renewal policy without lapse in coverage.

(2) An offer to reinstate under this subsection shall provide not less than 10 days for the insured to make the required premium payment.

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