**Article - Insurance**

[Previous][Next]

§27–605.

(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 cancels or refuses to renew a policy subject to this section for a reason other than nonpayment of premium, the insurer must provide to the named insured a written statement of the actual reason for the cancellation or refusal to renew.

(2) The reason given in the statement of actual reason shall be clear and specific.

(3) The statement shall include the insurer's offer to provide additional information in support of the proposed action upon the written request of the insured and an address for the insured to submit the request.

(4) A written request for information under this subsection shall be sent not more than 30 days from the date of the notice containing the actual reason.

(5) On receiving a written request from an insured for additional information under this subsection and prior to the effective date of the proposed action, an insurer shall respond in writing within 15 days.

(6) Except as provided in § 27–501 of this title, a request for additional information under this section does not stay the proposed action.

(c) The Commissioner may not disallow a proposed action of an insurer because the statement of actual reason contains:

(1) grammatical, typographical, or other errors, if the errors are not material to the proposed action and are not misleading;

(2) surplus information, if the surplus information is not misleading; or

(3) erroneous information, if in the absence of the erroneous information there is a sufficient basis to support the proposed action.

(d) Information concerning the actual reason is privileged and does not constitute grounds for an action against the insurer, the insurer's representatives, an insurance producer, or any other person that in good faith provides information on which the statement is based.

[Previous][Next]