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§27–501.

(a) (1) An insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk for a reason based wholly or partly on race, color, creed, sex, or blindness of an applicant or policyholder or for any arbitrary, capricious, or unfairly discriminatory reason.

(2) Except as provided in this section, an insurer or insurance producer may not cancel or refuse to underwrite or renew a particular insurance risk or class of risk except by the application of standards that are reasonably related to the insurer's economic and business purposes.

(b) (1) An insurer may not require special conditions, facts, or situations as a condition to its acceptance or renewal of a particular insurance risk or class of risks in an arbitrary, capricious, unfair, or discriminatory manner based wholly or partly on race, creed, color, sex, religion, national origin, place of residency, blindness, or other physical handicap or disability.

(2) Actuarial justification may be considered with respect to sex.

(c) (1) Except as provided in paragraph (2) of this subsection, an insurer or insurance producer may not make an inquiry about race, creed, color, or national origin in an insurance form, questionnaire, or other manner of requesting general information that relates to an application for insurance.

(2) Subject to § 27–914 of this title, an insurer that provides health insurance, a nonprofit health service plan, or a health maintenance organization may make an inquiry about race and ethnicity in an insurance form, questionnaire, or other manner requesting general information, provided the information is used solely for the evaluation of quality of care outcomes and performance measurements, including the collection of information required under § 19–134 of the Health – General Article.

(d) (1) (i) With respect to automobile liability insurance, an insurer may not:

1. cancel, refuse to renew, or otherwise terminate coverage for an automobile insurance risk because of a claim, traffic violation, or traffic accident that occurred more than 3 years before the effective date of the policy or renewal;

2. refuse to underwrite an automobile insurance risk because of a claim, traffic violation, or traffic accident that occurred more than 3 years before the date of application; or

3. subject to subparagraph (ii) of this paragraph, cancel, refuse to renew, or otherwise terminate coverage for a private passenger motor vehicle insurance policy because of a claim under the towing or emergency roadside service coverage in the policy.

(ii) An insurer may:

1. remove the towing or emergency roadside service coverage at renewal from a private passenger motor vehicle insurance policy based on the number of claims made under the towing or emergency roadside service coverage in a manner that complies with § 27–613 of this title; and

2. increase the premium of the private passenger motor vehicle insurance policy as a result of a towing or emergency roadside service claim in accordance with its filed rates in a manner that complies with § 11–317 of this article and § 27–614 of this title.

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

(i) cancel, refuse to renew, or otherwise terminate coverage for a homeowner's insurance risk because of a claim that occurred more than 3 years before the effective date of the policy or renewal; or

(ii) refuse to underwrite a homeowner's insurance risk because of a claim that occurred more than 3 years before the date of application.

(3) An insurer may cancel a policy of homeowner's insurance under which a onetime guaranteed fully refundable deposit is required for a stated amount of coverage, if the cancellation:

(i) takes effect on the anniversary date of the inception of the policy;

(ii) is not based on a claim that occurred more than 3 years before the anniversary date of the policy on which the proposed cancellation would take effect; and

(iii) is otherwise in accordance with this subtitle.

(4) This subsection does not apply to a claim involving conviction of the insured or applicant for fraud or arson.

(e) An insurer may not refuse to underwrite a private passenger motor vehicle insurance risk solely because the applicant or named insured previously obtained insurance coverage from any authorized insurer or the Maryland Automobile Insurance Fund.

(e–1) An insurer may not require a particular payment plan for an insured for coverage under a private passenger or homeowner's insurance policy based on the credit history of the insured.

(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, or increase the renewal premium based, in whole or in part, on the credit history of 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. For purposes of this subsection, rating includes:

A. the provision or removal of a discount;

B. assigning the applicant to a rating tier; or

C. placing an 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.

(7) With respect to homeowner's 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.

(8) (i) At the time a policy of private passenger motor vehicle insurance is initially issued, an insurer may consider the applicant's homeowner's insurance claim history when rating the policy.

(ii) At renewal, an insurer may not increase the premium for a policy of private passenger motor vehicle insurance based on a homeowner's insurance claim.

(9) (i) At the time a policy of homeowner's insurance is initially issued, an insurer may consider the applicant's motor vehicle claim history when rating the policy.

(ii) At renewal, an insurer may not increase the premium for a policy of homeowner's insurance based on a private passenger motor vehicle insurance claim.

(f) Except as provided in § 27–505(a)(2) of this subtitle, in the case of cancellation of or refusal to renew a policy, the policy remains in effect until a finding is issued under § 27–505 of this subtitle if:

(1) the insured asks the Commissioner to review the cancellation or refusal to renew before the effective date of the termination of the policy; and

(2) the Commissioner begins action to issue a finding under § 27–505 of this subtitle.

(g) At a hearing to determine whether this section has been violated, the burden of persuasion is on the insurer to show that the cancellation or refusal to underwrite or renew is justified under the underwriting standards demonstrated.

(h) (1) This subsection applies to insurance underwriting standards for all health, life, disability, property, and casualty coverages provided in the State.

(2) At the request of the Commissioner, each insurer, nonprofit health service plan, and health maintenance organization shall file with the Commissioner a copy of its underwriting standards, including any amendments or supplements.

(3) The Commissioner may review and examine the underwriting standards to ensure compliance with this article.

(4) Each insurer, nonprofit health service plan, and health maintenance organization may request a finding by the Commissioner that its underwriting standards filed with the Commissioner be considered confidential commercial information under § 4–335 of the General Provisions Article.

(5) The Commissioner shall adopt regulations to carry out this subsection.

(i) (1) Except as provided in paragraph (2) of this subsection, with respect to homeowner's insurance, an insurer may not cancel or refuse to renew coverage for homeowner's insurance based on the claims history of an insured for weather–related claims, unless there were three or more weather–related claims within the preceding 3–year period.

(2) An insurer may consider claims for weather–related events for the purpose of canceling or refusing to renew coverage if the insurer provided written notice to the insured for reasonable or customary repairs or replacement specific to the insured's premises or dwelling which the insured failed to make and which, if made, would have prevented the loss for which a claim was made.

(j) (1) In the case of homeowner's insurance, standards reasonably related to an insurer's economic and business purpose under subsection (a)(2) of this section, include, but are not limited to, the following and do not require statistical validation:

(i) a material misrepresentation in connection with the application, policy, or presentation of a claim;

(ii) nonpayment of premium;

(iii) a change in the physical condition or contents of the premises or dwelling which results in an increase in a hazard insured against and which, if present and known to the insurer prior to the issuance of the policy, the insurer would not have issued the policy;

(iv) conviction:

1. within the preceding 5–year period, of arson; or

2. within the preceding 3–year period, of a crime which directly increases the hazard insured against;

(v) subject to subsection (i) of this section, the claims history of the insured where the insured makes more than three claims in the preceding 3–year period;

(vi) subject to subsection (o)(2) of this section, any other standard approved by the Commissioner that is based on factors that adversely affect the losses or expenses of the insurer under its approved rating plan and for which statistical validation is unavailable or is unduly burdensome to produce; and

(vii) subject to subsection (o)(2) of this section, any other standard set forth in regulations adopted by the Commissioner that is found to be reasonably related to the insurer's economic and business purposes.

(2) An insurer is not required to produce statistical validation that excludes weather–related claims or that makes any distinction between weather–related claims and nonweather–related claims in order to sustain the insurer's

burden of persuasion under subsection (g) of this section with respect to a cancellation or refusal to renew for a reason that is not listed in this subsection.

(k) With respect to private passenger motor vehicle insurance, an insurer may not cancel or refuse to renew coverage based on the claims history of an insured where two or fewer of the claims within the preceding 3–year period were for accidents or losses where the insured was not at fault for the loss.

(l) (1) In the case of private passenger motor vehicle insurance, standards reasonably related to the insurer's economic and business purposes under subsection (a)(2) of this section include, but are not limited to, the following and do not require statistical validation:

(i) a material misrepresentation in connection with the application, policy, or presentation of a claim;

(ii) nonpayment of premium;

(iii) subject to § 27–609 of this title, revocation or suspension of the driver's license or motor vehicle registration within the preceding 2–year period:

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

2. for reasons related to the driving record of the driver;

(iv) subject to § 27–609 of this title, two or more motor vehicle accidents or any combination of three or more accidents and moving violations within the preceding 3–year period for which the insured was at fault for the accidents;

(v) subject to § 27–609 of this title, three or more moving violations against the insured or a covered driver under the policy within the preceding 2–year period;

(vi) subject to § 27–609 of this title, conviction of the named insured or a covered driver under the policy of any of the following:

1. a violation of § 21–902(a), (b), (c), or (d) of the Transportation Article;

2. homicide, assault, reckless endangerment, or criminal negligence arising out of the operation of the motor vehicle; or

3. using the motor vehicle to participate in a felony;

(vii) subject to subsection (o)(1) of this section, any other standard approved by the Commissioner that is based on factors that adversely affect the losses or expenses of the insurer under its approved rating plan and for which statistical validation is unavailable or is unduly burdensome to produce; and

(viii) subject to subsection (o)(1) of this section, any other standard set forth in regulations adopted by the Commissioner that is found to be reasonably related to the insurer's economic and business purposes.

(2) An insurer is not required to produce statistical validation that excludes at fault accidents or that makes any distinction between not at fault accidents and at fault accidents in order to sustain the insurer's burden of persuasion under subsection (g) of this section with respect to a cancellation or refusal to renew for a reason that is not listed in this subsection.

(m) In the case of commercial insurance or insurance issued or provided by nonadmitted insurers, an insurer is not required to produce statistical validation of its underwriting standards in order to meet its burden of persuasion under this section.

(n) (1) Subject to the requirements of this article, if an insurer considers claims history for the purposes of canceling or refusing to renew coverage, the insurer may consider the following factors in mitigation of the proposed decision without producing statistical validation:

(i) the severity of the losses;

(ii) the length of time that an insured has been a policyholder with the insurer;

(iii) loss mitigation of previous losses; and

(iv) the availability of a higher deductible for the particular policy and types of losses.

(2) If an insurer considers claims history for purposes of canceling or refusing to renew coverage, the insurer shall disclose the practice to an insured at the inception of the policy and at each renewal.

(3) An insurer may comply with the disclosure required at renewal by paragraph (2) of this subsection by sending the notice authorized by § 19–216 of this article.

(o) (1) With respect to private passenger motor vehicle insurance, an insurer may not deny, refuse to renew, or cancel coverage or increase rates for applicants or policyholders who are uniformed services personnel returning from active duty overseas solely because they fail to meet underwriting standards that require continuous coverage unless the failure to maintain continuous coverage existed prior to the applicant's or policyholder's assignment to active duty overseas.

(2) With respect to homeowner's insurance, an insurer may not deny, refuse to renew, or cancel coverage or increase rates for applicants or policyholders who are uniformed services personnel returning from active duty overseas solely because they fail to meet:

(i) underwriting standards that require continuous coverage unless the failure to maintain continuous coverage existed prior to the applicant's or policyholder's assignment to active duty overseas; or

(ii) occupancy requirements if the uniformed services personnel can demonstrate that reasonable steps were taken to maintain and protect the property during the applicant's or policyholder's assignment to active duty overseas.

(p) (1) In this subsection, "inquiry" means a telephone call or other communication to an insurer regarding the terms and conditions of a homeowner's insurance policy, including a telephone call or other communication about whether the policy provides coverage for a particular loss or the process for filing a claim.

(2) With respect to homeowner's insurance, an insurer may not refuse to underwrite a risk, increase a premium, or cancel or refuse to renew coverage based in whole or in part on an inquiry by an insured or an insurance producer on behalf of an insured that does not result in the payment of a claim.

(q) For purposes of this section, with respect to private passenger motor vehicle insurance policies, homeowner's insurance policies, commercial insurance policies, and workers' compensation insurance policies, the transfer of a policyholder between admitted insurers within the same insurance holding company system, as defined in § 7–101 of this article, is a renewal if:

(1) the policyholder's premium does not increase; and

(2) the policyholder does not experience a reduction in coverage.

(r) (1) This subsection applies to homeowner's insurance, renter's insurance, and private passenger motor vehicle insurance.

(2) With respect to homeowner's insurance or renter's insurance, an insurer may not deny, refuse to renew, or cancel coverage for an applicant or a policyholder solely because the applicant or policyholder does not carry private passenger motor vehicle insurance with the insurer or another insurer in the same insurance holding company system, as defined in § 7–101 of this article.

(3) With respect to private passenger motor vehicle insurance, an insurer may not deny, refuse to renew, or cancel coverage for an applicant or a policyholder solely because the applicant or policyholder does not carry homeowner's insurance or renter's insurance with the insurer or another insurer in the same insurance holding company system, as defined in § 7–101 of this article.

(4) This subsection does not prohibit:

(i) an applicant or a policyholder from bundling homeowner's insurance or renter's insurance and private passenger motor vehicle insurance policies if the applicant or policyholder chooses to do so; or

(ii) an insurer from offering discounts or other incentives to applicants or policyholders who choose to bundle homeowner's insurance or renter's insurance and private passenger motor vehicle insurance policies.

(s) (1) This subsection applies only to life insurance, disability insurance, or long–term care insurance.

(2) An insurer may not, based solely on the status of an applicant or individual as an organ donor:

(i) cancel, refuse to underwrite or renew, or refuse to issue an insurance policy;

(ii) refuse to pay a claim, cancel, or otherwise terminate an insurance policy;

(iii) increase premium rates for an insurance policy; or

(iv) add a surcharge, apply a rating factor, or use any other underwriting practice that adversely takes the information into account.

(3) With respect to all other medical conditions, an applicant or individual who is an organ donor shall be subject to the same standards of sound actuarial principles or actual or reasonably anticipated experience as an applicant or individual who is not an organ donor.

(4) An insurer may not prohibit an applicant or individual from donating all or part of an organ as a condition of insurance.

(t) With respect to private passenger motor vehicle insurance, an insurer may not require an applicant or a policyholder to participate in a program that measures the operation of an insured vehicle as a condition for underwriting a private passenger motor vehicle insurance risk unless the insurer:

(1) only offers private passenger motor vehicle insurance products that require insureds to participate in a program that measures the operation of an insured vehicle;

(2) discloses the information in item (1) of this subsection to:

(i) the applicant at the time of application; and

(ii) the policyholder at the time of renewal; and

(3) includes the information in item (1) of this subsection in any advertising materials for the insurance products offered by the insurer.

(u) If an applicant for residential condominium unit insurance experiences a lapse in coverage of the applicant's prior residential condominium unit due to an insurer's withdrawal from the market, an insurer from whom the applicant seeks new residential condominium unit coverage may not refuse to issue a policy based solely on the applicant's lapse in coverage on the unit if:

(1) the lapse in coverage was for not longer than 90 days;

(2) if required by the new insurer, the applicant provides an affidavit that the applicant has not incurred any losses during the lapse in coverage; and

(3) the applicant provides any other documentation required by the insurer.

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