

MARYLAND REGISTER

**Proposed Action on Regulations**

<b>Transmittal Sheet</b>  <b>PROPOSED OR REPROPOSED</b>  <b>Actions on Regulations</b>	<b>Date Filed with AELR Committee</b>	<b>TO BE COMPLETED BY DSD</b>
	09/03/2020	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

**1. Desired date of publication in Maryland Register: 10/9/2020**

**2. COMAR Codification**

**Title Subtitle Chapter Regulation**

31 08 03 04, .05, .07, .08

**3. Name of Promulgating Authority**

Maryland Insurance Administration

**4. Name of Regulations Coordinator**

Dytonia Reed

**Telephone Number**

410-468-2465

**Mailing Address**

200 St. Paul Place, Suite 2700

<b>City</b>	<b>State</b>	<b>Zip Code</b>
Baltimore	MD	21202

**Email**

dytonia.reed1@maryland.gov

**5. Name of Person to Call About this Document**

Dytonia Reed

**Telephone No.**

410-468-2465

**Email Address**

dytonia.reed1@maryland.gov

**6. Check applicable items:**

New Regulations



**Subtitle 08 PROPERTY AND CASUALTY INSURANCE**

**31.08.03 Notices of Cancellation, Nonrenewal, Premium Increase, and Reduction in Coverage**

Authority: Insurance Article, §§2-109, 27-609, 27-613, and 27-614, Annotated Code of Maryland

**Notice of Proposed Action**

□

The Insurance Commissioner proposes to amend regulations .04, .05, .07, and .08 under COMAR 31.08.03 Notices of Cancellation, Nonrenewal, Premium Increase, and Reduction in Coverage.

**Statement of Purpose**

The purpose of this action is to amend regulations .04, .05, .07, and .08 under COMAR 31.08.03 Notices of Cancellation, Nonrenewal, Premium Increase, and Reduction in Coverage. During the 2020 General Assembly Legislative session, Senate Bill 97(SB 97) was passed, which amended §27-613, and §27-614 of the Insurance Article. See Md. Laws 2020, Ch. 523. SB 97 permits consumers to electronically file a protest or request a hearing of premium increase via the Administration’s consumer complaint portal in response to notices of auto premium increases, non-renewals, and cancellation. These regulations implement those requirements.

**Comparison to Federal Standards**

There is no corresponding federal standard to this proposed action.

**Estimate of Economic Impact**

The proposed action has no economic impact.

**Economic Impact on Small Businesses**

The proposed action has minimal or no economic impact on small businesses.

**Impact on Individuals with Disabilities**

The proposed action has no impact on individuals with disabilities.

**Opportunity for Public Comment**

Comments may be sent to Dytonia Reed, Assistant Director of Government Relations, Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, or call 410-468-2007, or email to InsuranceRegReview.mia@maryland.gov, or fax to 410-468-2020. Comments will be accepted through November 8, 2020. A public hearing has not been scheduled.

### **Economic Impact Statement Part C**

A. Fiscal Year in which regulations will become effective: FY 2020

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

No

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

These regulations do not require additional funds for implementation.

E. If these regulations have no economic impact under Part A, indicate reason briefly:  
These regulations have no economic impact because the existing consumer portal has capacity to accept electronic submissions.

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

The implementation of these regulations have minimal or no economic impact on small businesses because these regulations will permit consumers and business to submit electronic complaints thereby reducing paper use.

G. Small Business Worksheet:

Attached Document:

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## **Title 31 MARYLAND INSURANCE ADMINISTRATION**

### **Subtitle 08 PROPERTY AND CASUALTY INSURANCE**

#### **Chapter 03 Notices of Cancellation, Nonrenewal, Premium Increase, and Reduction in Coverage**

Authority: Insurance Article, §§2-109, 27-609, 27-613, and 27-614, Annotated Code of Maryland

##### **.04 Procedure and Requirements Regarding Cancellation or Nonrenewal.**

A notice of cancellation or nonrenewal sent by an insurer to its insured in accordance with Insurance Article, §27-613, Annotated Code of Maryland, shall be sent in triplicate by certified mail and shall, in addition to the statutory information required in the notice of cancellation or nonrenewal, include the following on the first page of the notice in 12-point bold type:

IMPORTANT  
"Right of Protest"

The "Right of Protest" does not apply to cancellation or nonrenewal due to nonpayment of premium.

You may protest the action proposed by this notice as provided under Insurance Article, §27-613, Annotated Code of Maryland. For your protest to be duly filed you, the named insured, must sign two copies of this notice and send them to:

Insurance Commissioner  
Maryland Insurance Administration  
200 St. Paul Place  
Baltimore, Maryland 21202  
Fax Number 410-468-2334 or 410-468-2307

within thirty (30) days after this notice was mailed to you. If your protest is not filed within the thirty (30) days, it cannot be considered by the Insurance Administration. *Instead of mailing or faxing the signed notice, you may file your protest online via the Maryland Insurance Administration's website (www.insurance.maryland.gov) by uploading a signed copy at the following link:*

*<https://enterprise.insurance.maryland.gov/consumer/ConsumerPortalWelcomePage.aspx>*

Your timely filed protest stays the action proposed by this notice. Accordingly, your insurance policy will remain in effect with the same coverages and premium that applied on the mailing date of the notice until a determination is made by the Commissioner. In order to keep your policy in effect, however, you must timely pay any authorized premium due or becoming due before the determination is issued.

The Insurance Commissioner will determine whether your protest has merit. You will then be notified in writing whether the proposed action is disallowed or your protest is dismissed.

If the protest is dismissed, you then have the right, within thirty (30) days after the mailing date of the determination, to request a hearing.

If you request a hearing, you will be notified in writing of the time and place of the hearing at least ten (10) days before the hearing. The Commissioner shall order the insurer to pay reasonable attorney fees incurred by you for representation at the hearing if the Commissioner finds that: (1) the actual reason for the proposed action is not stated in the notice or the proposed action is not in accordance with §27-501 of the Insurance Article, the insurer's filed rating plan, its underwriting standards, or the lawful terms and conditions of the policy related to a cancellation or nonrenewal; and (2) the insurer's conduct in maintaining or defending the proceeding was in bad faith or the insurer acted willfully in the absence of a bona fide dispute.

I protest the action proposed by the insurer.

My reasons for protesting the action are:

\_\_\_\_\_

Signed (Named Insured) \_\_\_\_\_ Date \_\_\_\_\_  
Daytime Phone Number \_\_\_\_\_

**.05 Procedure and Requirements Regarding a Reduction in Coverage.**

A notice of reduction in coverage sent by an insurer to its insured in accordance with Insurance Article, §27-613, Annotated Code of Maryland, shall be sent in triplicate by certificate of mail and shall, in addition to the statutory information required in the notice of reduction in coverage, include the following on the first page of the notice in 12-point bold type:

IMPORTANT  
"Right of Protest"

You may protest the action proposed by this notice as provided under Insurance Article, §27-613, Annotated Code of Maryland. For your protest to be duly filed you, the named insured, must sign two copies of this notice and send them to:

Insurance Commissioner  
Maryland Insurance Administration  
200 St. Paul Place  
Baltimore, Maryland 21202  
Fax Number 410-468-2334 or 410-468-2307

within thirty (30) days after this notice was mailed to you. If your protest is not filed within the thirty (30) days, it cannot be considered by the Insurance Administration. *Instead of mailing or faxing the signed notice, you may file your protest online via the Maryland Insurance Administration's website (www.insurance.maryland.gov) by uploading a signed copy at the following link:*

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The Insurance Commissioner will determine whether your protest has merit. You will then be notified in writing whether the proposed action is disallowed or your protest is dismissed.

If the protest is dismissed, you then have the right, within thirty (30) days after the mailing date of the determination, to request a hearing.

If you request a hearing, you will be notified in writing of the time and place of the hearing at least ten (10) days before the hearing. The Commissioner shall order the insurer to pay reasonable attorney fees incurred by you for representation at the hearing if the Commissioner finds that: (1) the actual reason for the proposed action is not stated in the notice or the proposed action is not in accordance with §27-501 of the Insurance Article, the insurer's filed rating plan, its underwriting standards, or the lawful terms and conditions of the policy related to a reduction in coverage; and (2) the insurer's conduct in maintaining or defending the proceeding was in bad faith or the insurer acted willfully in the absence of a bona fide dispute.

I protest the action proposed by the insurer.

My reasons for protesting the action are: \_\_\_\_\_

Signed (Named Insured) \_\_\_\_\_ Date \_\_\_\_\_

Daytime Phone Number \_\_\_\_\_