

SENATE BILL 368

C4

5lr1919
CF HB 358

By: **Senator Kelley**

Introduced and read first time: February 6, 2015

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Workers' Compensation Insurance – Cancellation and Nonrenewal – Notice**

3 FOR the purpose of altering the time period within which an insurer, except under certain
4 circumstances, must serve a certain notice on an employer and file a copy of the
5 notice with a certain individual if the insurer is canceling or refusing to renew a
6 workers' compensation insurance policy before its expiration; and generally relating
7 to cancellation and nonrenewal of workers' compensation insurance policies.

8 BY repealing and reenacting, with amendments,

9 Article – Insurance

10 Section 19–406

11 Annotated Code of Maryland

12 (2011 Replacement Volume and 2014 Supplement)

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

15 **Article – Insurance**

16 19–406.

17 (a) Except for a cancellation for nonpayment of premium, an insurer may not
18 cancel or refuse to renew a workers' compensation insurance policy before its expiration
19 unless, at least [30] **45** days before the date of cancellation or nonrenewal, the insurer:

20 (1) serves on the employer, by personal service or certified mail addressed
21 to the last known address of the employer, a notice of intention to cancel or nonrenew the
22 policy; and

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (2) files a copy of the notice with the State Workers' Compensation
2 Commission's designee.

3 (b) Notice under this section may be given:

4 (1) if the employer is a corporation, to an agent or officer of the corporation
5 on whom legal process may be served; and

6 (2) if the employer is a partnership, to a partner.

7 (c) Notice under this section shall state when the cancellation or nonrenewal
8 takes effect.

9 (d) Whenever an employer receives a notice under this section, the employer
10 immediately shall secure coverage in accordance with § 9-402 of the Labor and
11 Employment Article that will be in effect when the cancellation takes effect.

12 (e) (1) The notice shall state the insurer's actual reason for proposing the
13 cancellation or nonrenewal of the policy.

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

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

18 (ii) surplus information, if the surplus information is not misleading;
19 or

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

22 (f) (1) At least 10 days before the date of cancellation of a workers'
23 compensation insurance policy for nonpayment of premium, the insurer shall send to the
24 employer, by certificate of mail, a written notice of the intention to cancel for nonpayment
25 of premium.

26 (2) An insurer shall file a copy of the notice sent under paragraph (1) of
27 this subsection with the State Workers' Compensation Commission's designee.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
29 October 1, 2015.