

SENATE BILL 434

C4

5lr1628
CF 5lr2382

By: **Senator Astle**

Introduced and read first time: February 6, 2015

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Commercial Insurance and Workers' Compensation Insurance – Notice of**
3 **Premium Increase**

4 FOR the purpose of authorizing a certain notice required under certain circumstances when
5 an insurer seeks to increase the renewal policy premium for certain policies of
6 commercial insurance or workers' compensation insurance to be delivered by
7 electronic means in accordance with certain provisions of law; providing that,
8 notwithstanding any other provision of law, an insurer shall be considered to have
9 met a certain notice requirement and is not required to deliver a certain notice
10 required by certain provisions of law if the insurer has taken certain actions; altering
11 the time period in which a certain notice of the availability of the renewal policy must
12 be sent to any independent insurance producer for an insurer to meet a certain notice
13 requirement; providing for the application of this Act; and generally relating to
14 notices of premium increases for policies of commercial insurance and policies of
15 workers' compensation insurance.

16 BY repealing and reenacting, with amendments,
17 Article – Insurance
18 Section 27–608
19 Annotated Code of Maryland
20 (2011 Replacement Volume and 2014 Supplement)

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

23 **Article – Insurance**

24 27–608.

25 (a) (1) This section applies to:

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (i) policies of commercial insurance; and

2 (ii) policies of workers' compensation insurance.

3 (2) This section does not apply to policies:

4 (i) issued to exempt commercial policyholders, as defined in §
5 11-206(j) of this article; or

6 (ii) for which the renewal policy premium is:

7 1. in excess of \$1,000; and

8 2. an increase over the expiring policy premium of the lesser
9 of 3% or \$300.

10 (b) Unless an insurer has given notice of its intention not to renew a policy subject
11 to this section, if the insurer seeks to increase the renewal policy premium, the insurer
12 shall send a notice to the named insured and insurance producer, if any, not less than 45
13 days prior to the renewal date of the policy.

14 (c) Subject to subsection (d) of this section, a notice under this section shall
15 include:

16 (1) both the expiring policy premium and the renewal policy premium; and

17 (2) the telephone number for the insurer or insurance producer, if any,
18 together with a statement that the insured may call to request additional information about
19 the premium increase.

20 (d) (1) If an insurer seeks to increase the renewal policy premium and the
21 insurer's rating methodology requires the insured to provide information to calculate the
22 renewal policy premium, an insurer shall provide a reasonable estimate of the renewal
23 policy premium if:

24 (i) the insurer has requested the required information from the
25 insured; and

26 (ii) the insurer has not received the requested information.

27 (2) A reasonable estimate under this subsection shall be based upon the
28 information available to the insurer at the time the notice is sent.

29 (e) The requirements of this section do not apply to the extent that the premium
30 increase results from:

31 (1) an increase in the units of exposure;

- 1 (2) the application of an experience rating plan;
- 2 (3) the application of a retrospective rating plan;
- 3 (4) a change made by the insured that increases the insurer's exposure; or
- 4 (5) an audit of the insured.

5 (f) **(1)** A notice required by this section shall be:

6 **(I)** sent by first-class mail [and]; **OR**

7 **(II)** **DELIVERED BY ELECTRONIC MEANS IN ACCORDANCE WITH**
8 **§ 27-601.2 OF THIS SUBTITLE.**

9 **(2)** **THE NOTICE** may be sent together with the renewal policy.

10 (g) [An] **NOTWITHSTANDING ANY OTHER PROVISION OF LAW, AN** insurer
11 shall be considered to have met the notice requirement of this section **AND IS NOT**
12 **REQUIRED TO DELIVER THE NOTICE REQUIRED BY SUBSECTIONS (B), (C), AND (D)**
13 **OF THIS SECTION** if, not less than 45 days before the effective date of the renewal policy,
14 the insurer has sent:

15 (1) (i) to the named insured, a renewal policy that includes the renewal
16 policy premium; and

17 (ii) to the independent insurance producer, if any:

18 1. a copy of the renewal policy that includes the renewal
19 policy premium through postal or electronic mail; or

20 2. [at] **NO LATER THAN** the same time [as] **THAT** the
21 insurer sends the renewal policy to the insured, a notice of the availability of the renewal
22 policy through the insurer's online electronic system;

23 (2) to the named insured and insurance producer, if any, a written notice
24 of renewal or continuation of coverage that includes the renewal or continuation premium;
25 or

26 (3) to the named insured and insurance producer, if any, a renewal offer
27 that includes a reasonable estimate of the renewal policy premium.

28 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all
29 policies of commercial insurance and policies of workers' compensation insurance issued,
30 delivered, or renewed in the State on or after October 1, 2015.

1 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2015.