

SENATE BILL 110

C4

1lr0035

(PRE-FILED)

By: **Chair, Finance Committee (By Request – Departmental – Maryland Insurance Administration)**

Requested: September 29, 2020

Introduced and read first time: January 13, 2021

Assigned to: Finance

Committee Report: Favorable

Senate action: Adopted

Read second time: January 26, 2021

CHAPTER _____

1 AN ACT concerning

2 **Private Passenger Motor Vehicle Liability Insurance – Notices – Alteration of**
3 **Requirements**

4 FOR the purpose of repealing the requirement that a certain notice required to be sent by
5 an insurer that intends to cancel or fail to renew a policy or binder of private
6 passenger motor vehicle liability insurance or reduce coverage under a policy of
7 private passenger motor vehicle liability insurance be in triplicate; repealing the
8 requirement that a certain notice required to be sent by an insurer that intends to
9 increase the total premium for a policy of private passenger motor vehicle liability
10 insurance be in duplicate; and generally relating to notices sent by private passenger
11 motor vehicle liability insurers.

12 BY repealing and reenacting, without amendments,
13 Article – Insurance
14 Section 27–613(a), (b), and (c)(1) and 27–614(a), (b), and (c)(1)
15 Annotated Code of Maryland
16 (2017 Replacement Volume and 2020 Supplement)

17 BY repealing and reenacting, with amendments,
18 Article – Insurance
19 Section 27–613(c)(2) and 27–614(c)(4)
20 Annotated Code of Maryland
21 (2017 Replacement Volume and 2020 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



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

Article – Insurance

27–613.

(a) (1) This section applies only to private passenger motor vehicle liability insurance.

(2) This section does not apply to the Maryland Automobile Insurance Fund.

(3) This section does not apply to the cancellation of a policy or binder of private passenger motor vehicle liability insurance by an insurer during the 45–day underwriting period in accordance with § 12–106 of this article.

(b) (1) In accordance with this section, with respect to a policy of private passenger motor vehicle liability insurance or a binder of private passenger motor vehicle liability insurance, if the binder has been in effect for at least 45 days, issued in the State to any resident of the household of the named insured, an insurer may:

(i) cancel or fail to renew the policy or binder; or

(ii) reduce coverage under the policy.

(2) Notwithstanding paragraph (1) of this subsection, the requirements of this section do not apply if:

(i) the reduction in coverage described in paragraph (1)(ii) of this subsection is part of a general reduction in coverage approved by the Commissioner or satisfies the requirements of Title 19, Subtitle 5 of this article; or

(ii) the failure to renew the policy takes place under a plan of withdrawal that:

1. is approved by the Commissioner under § 27–606 of this subtitle; and

2. provides that each insured affected by the plan of withdrawal shall be sent by a first–class mail tracking method at least 45 days before the nonrenewal of the policy a written notice that states the date that the policy will be nonrenewed and that the nonrenewal is the result of the withdrawal of the insurer from the market.

(3) Notwithstanding paragraph (1) of this subsection, an insurer may not

1 cancel a policy midterm except:

2 (i) when there exists:

3 1. a material misrepresentation or fraud in connection with
4 the application, policy, or presentation of a claim;

5 2. a matter or issue related to the risk that constitutes a
6 threat to public safety; or

7 3. a change in the condition of the risk that results in an
8 increase in the hazard insured against;

9 (ii) for nonpayment of premium; or

10 (iii) due to the revocation or suspension of the driver's license or
11 motor vehicle registration:

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

14 2. for reasons related to the driving record of the named
15 insured or covered driver.

16 (c) (1) At least 45 days before the proposed effective date of the action, an
17 insurer that intends to take an action subject to this section shall send written notice of its
18 proposed action to the insured at the last known address of the insured:

19 (i) for notice of cancellation or nonrenewal, by certified mail; and

20 (ii) for all other notices of actions subject to this section, by a
21 first-class mail tracking method.

22 (2) The notice must be [in triplicate and] on a form approved by the
23 Commissioner.

24 27-614.

25 (a) In this section, "increase in premium" and "premium increase" include an
26 increase in total premium for a policy due to:

27 (1) a surcharge;

28 (2) retiering or other reclassification of an insured; or

29 (3) removal or reduction of a discount.

(b) (1) This section applies only to private passenger motor vehicle liability insurance.

(2) This section does not apply to the Maryland Automobile Insurance Fund.

(3) This section does not apply to an increase in premium made by an insurer during the 45-day underwriting period in accordance with § 12-106(d)(2) and (3) of this article.

(c) (1) Except as provided in paragraph (2) of this subsection, at least 45 days before the effective date of an increase in the total premium for a policy of private passenger motor vehicle liability insurance, the insurer shall send written notice of the premium increase to the insured at the last known address of the insured by a first-class mail tracking method.

(4) The notice must be [in duplicate and] on a form approved by the Commissioner.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2021.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.