

SENATE BILL 893

C4, J5

5lr1749

By: **Senator Charles**

Introduced and read first time: January 28, 2025

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Enforcement, Impaired Entities, Homeowner’s Insurance Policies,**
3 **and Unfair Claim Settlement Practices – Revisions**

4 FOR the purpose of establishing and altering requirements governing the regulation of
5 insurance in the State, including requirements related to reviews and examinations
6 undertaken by the Maryland Insurance Commissioner, premium discounts, the
7 temporary suspension of writing new homeowner’s insurance policies, and claims
8 handling; providing that certain insurers may be subject to additional market
9 conduct examinations under certain circumstances; altering the factors that the
10 Commissioner may consider in determining whether the continued operation of an
11 authorized insurer would be hazardous to certain persons; altering the information
12 that the Office of the Attorney General is required to report to the Fraud Division of
13 the Maryland Insurance Administration; prohibiting insurers that issue, sell, or
14 deliver homeowner’s insurance policies from canceling or refusing to renew a policy
15 under certain circumstances; providing that it is an unfair claim settlement practice
16 and a violation of certain provisions of law for an insurer to alter or amend an
17 insurance adjuster’s report without taking certain other actions; and generally
18 relating to State insurance law.

19 BY adding to

20 Article – Insurance

21 Section 2–201.1, 2–209.3, 2–407, 9–102(a)(20) through (29), and 19–217 through
22 19–219

23 Annotated Code of Maryland

24 (2017 Replacement Volume and 2024 Supplement)

25 BY repealing and reenacting, with amendments,

26 Article – Insurance

27 Section 2–205, 2–408, 9–102(a)(19) and (20), 19–210, and 27–303

28 Annotated Code of Maryland

29 (2017 Replacement Volume and 2024 Supplement)

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

Article – Insurance

2-201.1.

(A) IN THIS SECTION, “ACTUAL NOTICE” MEANS THE INSURER’S RECEIPT OF
NOTICE OF AN INCIDENT OR LOSS THAT COULD GIVE RISE TO A COVERED CLAIM
THAT IS COMMUNICATED TO THE INSURER OR AN AGENT OF THE INSURER:

(1) BY A MANNER AUTHORIZED BY THE POLICY OR OTHER
DOCUMENTS PROVIDED TO THE INSURED BY THE INSURER;

(2) THROUGH THE CLAIMS LINK ON THE INSURER’S WEBSITE; OR

(3) THROUGH AN E-MAIL ADDRESS DESIGNATED BY THE INSURER
FOR THE SUBMISSION OF CLAIMS.

(B) IF THE COMMISSIONER CONCLUDES THROUGH AN EXAMINATION
CONDUCTED UNDER THIS SUBTITLE THAT AN INSURER EXHIBITS A PATTERN OR
PRACTICE OF VIOLATIONS OF THIS ARTICLE, THE COMMISSIONER SHALL REVIEW
THE INSURER’S CLAIMS-HANDLING PRACTICES TO DETERMINE WHETHER THE
INSURER SHOULD BE SUBJECT TO ENHANCED ENFORCEMENT PENALTIES UNDER
SUBSECTION (C) OF THIS SECTION.

(C) AN INSURER MAY BE SUBJECT TO ENHANCED ENFORCEMENT
PENALTIES IF THE COMMISSIONER FINDS A PATTERN OR PRACTICE OF THE
INSURER FAILING TO DO THE FOLLOWING WHEN RESPONDING TO COVERED CLAIMS
UNDER AN INSURANCE POLICY, AFTER RECEIVING ACTUAL NOTICE OF THE CLAIMS:

(1) ASSIGN A LICENSED AND APPOINTED INSURANCE ADJUSTER TO
INVESTIGATE WHETHER COVERAGE IS PROVIDED UNDER THE POLICY AND
DILIGENTLY ATTEMPT TO RESOLVE ANY QUESTION CONCERNING THE EXTENT OF
THE INSURED’S COVERAGE;

(2) EVALUATE THE CLAIM FAIRLY, HONESTLY, AND WITH DUE
REGARD FOR THE INTERESTS OF THE INSURED, BASED ON AVAILABLE
INFORMATION;

(3) REQUEST FROM THE INSURED OR CLAIMANT ADDITIONAL
RELEVANT INFORMATION THE INSURER REASONABLY DETERMINES IS NECESSARY
TO EVALUATE WHETHER TO SETTLE A CLAIM;

1 (4) CONDUCT ALL ORAL AND WRITTEN COMMUNICATIONS WITH THE
2 INSURED WITH HONESTY AND CANDOR;

3 (5) MAKE REASONABLE EFFORTS TO EXPLAIN TO INDIVIDUALS NOT
4 REPRESENTED BY COUNSEL MATTERS REQUIRING EXPERTISE BEYOND THE LEVEL
5 NORMALLY EXPECTED OF A LAYPERSON WITH NO TRAINING IN INSURANCE OR
6 CLAIMS–HANDLING ISSUES;

7 (6) RETAIN ALL WRITTEN AND RECORDED COMMUNICATIONS AND
8 CREATE AND RETAIN A SUMMARY OF ALL VERBAL COMMUNICATIONS IN A
9 REASONABLE MANNER FOR A PERIOD OF AT LEAST 2 YEARS AFTER THE ENTRY OF A
10 FINAL JUDGMENT AGAINST THE INSURED IN EXCESS OF POLICY LIMITS OR, IF AN
11 EXTRACONTRACTUAL CLAIM IS MADE, THE CONCLUSION OF THE CLAIM AND ANY
12 RELATED APPEALS, WHICHEVER IS LATER;

13 (7) WITHIN 30 DAYS AFTER THE DATE OF A REQUEST, PROVIDE THE
14 INSURED WITH ALL COMMUNICATIONS RELATED TO THE INSURER’S HANDLING OF
15 THE CLAIM THAT ARE NOT PRIVILEGED AS TO THE INSURED;

16 (8) PROVIDE, ON REQUEST AND AT THE INSURER’S EXPENSE,
17 REASONABLE ACCOMMODATIONS NECESSARY TO COMMUNICATE EFFECTIVELY
18 WITH AN INSURED COVERED UNDER THE FEDERAL AMERICANS WITH DISABILITIES
19 ACT;

20 (9) WHEN HANDLING A THIRD–PARTY CLAIM, COMMUNICATE WITH
21 THE INSURED:

22 (I) THE IDENTITY OF ANOTHER PERSON THE INSURER HAS
23 REASON TO BELIEVE MAY BE LIABLE;

24 (II) THE INSURER’S FINAL AND COMPLETED ESTIMATE OF THE
25 CLAIM;

26 (III) THE POSSIBILITY OF AN EXCESS JUDGMENT;

27 (IV) THE INSURED’S RIGHT TO SECURE PERSONAL COUNSEL AT
28 THE INSURED’S OWN EXPENSE;

29 (V) THAT THE INSURED SHOULD COOPERATE WITH THE
30 INSURER, INCLUDING PROVIDING INFORMATION REQUIRED BY THE INSURER
31 BECAUSE OF A SETTLEMENT OPPORTUNITY OR IN ACCORDANCE WITH THE POLICY;

(VI) FORMAL SETTLEMENT DEMANDS OR OFFERS TO SETTLE BY THE CLAIMANT, IF ANY; AND

(VII) OFFERS TO SETTLE ON BEHALF OF THE INSURED, IF ANY;

(10) RESPOND TO ANY REQUEST FOR INSURANCE INFORMATION;

(11) SEEK TO OBTAIN A GENERAL RELEASE OF EACH INSURED IN MAKING ANY SETTLEMENT OFFER TO A THIRD-PARTY CLAIMANT;

(12) TAKE REASONABLE MEASURES TO PRESERVE ANY DOCUMENTARY, PHOTOGRAPHIC, AND FORENSIC EVIDENCE AS NEEDED FOR THE DEFENSE OF THE LIABILITY CLAIM IF IT APPEARS LIKELY THAT THE INSURED'S LIABILITY EXPOSURE IS GREATER THAN POLICY LIMITS AND THE INSURER FAILS TO SECURE A GENERAL RELEASE IN FAVOR OF THE INSURED;

(13) COMPLY WITH § 2-205 OF THIS SUBTITLE; OR

(14) COMPLY WITH TITLE 27 OF THIS ARTICLE.

(D) IN REVIEWING CLAIMS-HANDLING PRACTICES FOR PURPOSES OF THIS SECTION, IT IS RELEVANT WHETHER THE INSURED, THE CLAIMANT, OR A REPRESENTATIVE OF THE INSURED OR CLAIMANT WAS ACTING REASONABLY TOWARD THE INSURER IN FURNISHING INFORMATION REGARDING THE CLAIM, MAKING DEMANDS OF THE INSURER, SETTING DEADLINES, AND ATTEMPTING TO SETTLE THE CLAIM, INCLUDING WHETHER:

(1) THE INSURED COOPERATED WITH THE INSURER IN THE DEFENSE OF THE CLAIM AND IN MAKING SETTLEMENTS BY TAKING REASONABLE ACTIONS REQUESTED BY THE CLAIMANT OR REQUIRED BY THE POLICY THAT ARE NECESSARY TO ASSIST THE INSURER IN SETTling A COVERED CLAIM, INCLUDING:

(I) EXECUTING AFFIDAVITS REGARDING THE FACTS WITHIN THE INSURED'S KNOWLEDGE REGARDING THE COVERED LOSS; AND

(II) PROVIDING DOCUMENTS, INCLUDING, IF REASONABLY NECESSARY TO SETTLE A COVERED CLAIM VALUED IN EXCESS OF POLICY LIMITS AND ON REQUEST OF THE CLAIMANT:

1. A SUMMARY OF THE INSURED'S ASSETS, LIABILITIES, OBLIGATIONS, AND OTHER INSURANCE POLICIES THAT MAY PROVIDE COVERAGE FOR THE CLAIM; AND

1 **2. IF THE INSURED IS AN INDIVIDUAL WHO WAS ACTING**
2 **IN THE COURSE AND SCOPE OF EMPLOYMENT WHEN THE INCIDENT GIVING RISE TO**
3 **THE CLAIM OCCURRED, THE NAME AND CONTACT INFORMATION OF THE INSURED'S**
4 **EMPLOYER; AND**

5 **(2) THE CLAIMANT AND THE CLAIMANT'S REPRESENTATIVE, IF ANY:**

6 **(I) ACTED HONESTLY IN FURNISHING INFORMATION**
7 **REGARDING THE CLAIM;**

8 **(II) ACTED REASONABLY IN SETTING DEADLINES; AND**

9 **(III) REFRAINED FROM TAKING ACTIONS THAT MAY BE**
10 **REASONABLY EXPECTED TO PREVENT AN INSURER FROM ACCEPTING THE**
11 **SETTLEMENT DEMAND, SUCH AS:**

12 **1. PROVIDING INSUFFICIENT DETAIL WITHIN THE**
13 **DEMAND;**

14 **2. PROVIDING UNREASONABLE DEADLINES FOR**
15 **ACCEPTANCE OF THE DEMAND; OR**

16 **3. INCLUDING UNREASONABLE CONDITIONS TO**
17 **SETTLEMENT.**

18 **(E) THIS SECTION MAY NOT BE CONSTRUED TO CREATE A CIVIL CAUSE OF**
19 **ACTION OR A CIVIL REMEDY OR CONSTITUTE A VIOLATION OF TITLE 27 OF THIS**
20 **ARTICLE.**

21 2-205.

22 (a) In this section, "analysis" means a process by which the Commissioner collects
23 and analyzes information from filed schedules, surveys, required reports specified in
24 subsection (b) of this section, and other sources in order to:

25 (1) develop an understanding of the affairs, transactions, accounts,
26 records, assets, and financial condition of the entities specified in subsection (b) of this
27 section; or

28 (2) identify or investigate patterns or practices of the entities specified in
29 subsection (b) of this section.

30 (b) (1) Whenever the Commissioner considers it advisable, the Commissioner
31 shall conduct an analysis or examine the affairs, transactions, accounts, records, assets,
32 and financial condition of each:

- (i) authorized insurer;
- (ii) management company of an authorized insurer;
- (iii) subsidiary owned or controlled by an authorized insurer;
- (iv) rating organization; or
- (v) authorized health maintenance organization.

(2) The Commissioner shall examine:

(I) each domestic insurer [and], health maintenance organization,
AND AVERAGE- AND LOW-RISK INSURER at least once every 5 years; **AND**

(II) **EACH HIGH-RISK INSURER AT LEAST ONCE EVERY 3 YEARS.**

(3) **THE COMMISSIONER SHALL ADOPT RULES TO DEVELOP A
RISK-BASED SELECTION METHODOLOGY FOR SCHEDULING EXAMINATIONS OF
INSURERS SUBJECT TO THIS SECTION THAT INCLUDES:**

(I) **USE OF A RISK-FOCUSED ANALYSIS TO PRIORITIZE
FINANCIAL EXAMINATIONS OF INSURERS IF REPORTING INDICATES A DECLINE IN
THE INSURER'S FINANCIAL CONDITION;**

(II) **CONSIDERATION OF:**

1. **THE LEVEL OF CAPITALIZATION AND IDENTIFICATION
OF UNFAVORABLE TRENDS;**

2. **NEGATIVE TRENDS IN PROFITABILITY OR CASH FLOW
FROM OPERATIONS;**

3. **NATIONAL ASSOCIATION OF INSURANCE
COMMISSIONERS INSURANCE REGULATORY INFORMATION SYSTEMS RATIO
RESULTS;**

4. **RISK-BASED CAPITAL AND RISK-BASED CAPITAL
TREND TEST RESULTS;**

5. **THE STRUCTURE AND COMPLEXITY OF THE INSURER;**

1 **6. CHANGES IN THE INSURER'S OFFICERS OR BOARD OF**
2 **DIRECTORS;**

3 **7. CHANGES IN THE INSURER'S BUSINESS STRATEGIES**
4 **OR OPERATIONS;**

5 **8. FINDINGS AND RECOMMENDATIONS FROM AN**
6 **EXAMINATION MADE UNDER THIS SECTION OR § 2-206 OF THIS SUBTITLE;**

7 **9. CURRENT OR PENDING REGULATORY ACTIONS**
8 **UNDERTAKEN BY THE COMMISSIONER;**

9 **10. INFORMATION OBTAINED FROM OTHER REGULATORY**
10 **AGENCIES OR INDEPENDENT ORGANIZATION RATINGS AND REPORTS; AND**

11 **11. THE IMPACT OF AN INSURER'S INSOLVENCY ON**
12 **POLICYHOLDERS OF THE INSURER AND THE PUBLIC GENERALLY;**

13 **(III) PRIORITIZATION OF INSURERS ISSUING, SELLING, OR**
14 **DELIVERING HOMEOWNER'S INSURANCE POLICIES IN THE STATE FOR WHICH THE**
15 **COMMISSIONER IDENTIFIES SIGNIFICANT CONCERNS ABOUT AN INSURER'S**
16 **SOLVENCY; AND**

17 **(IV) ANY OTHER MATTERS THE COMMISSIONER DETERMINES**
18 **NECESSARY TO CONSIDER FOR THE PROTECTION OF THE PUBLIC.**

19 **(4) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (III) OF THIS**
20 **PARAGRAPH, AN AUTHORIZED INSURER ISSUING, SELLING, OR DELIVERING**
21 **HOMEOWNER'S INSURANCE POLICIES IN THE STATE:**

22 **1. MAY BE SUBJECT TO AN ADDITIONAL MARKET**
23 **CONDUCT EXAMINATION AFTER A HURRICANE IF, AT ANY TIME MORE THAN 90 DAYS**
24 **AFTER THE END OF A HURRICANE, THE INSURER IS AMONG THE TOP 20% OF**
25 **INSURERS BASED ON A CALCULATION OF THE RATIO OF HURRICANE-RELATED**
26 **PROPERTY CLAIMS FILED TO THE NUMBER OF PROPERTY INSURANCE POLICIES IN**
27 **FORCE; AND**

28 **2. SHALL BE SUBJECT TO AN ADDITIONAL MARKET**
29 **CONDUCT EXAMINATION AFTER A HURRICANE IF, AT ANY TIME MORE THAN 90 DAYS**
30 **AFTER THE END OF THE HURRICANE, THE INSURER:**

31 **A. IS AMONG THE TOP 20% OF INSURERS BASED ON A**
32 **CALCULATION OF THE RATIO OF HURRICANE CLAIM-RELATED CONSUMER**

1 COMPLAINTS MADE ABOUT THAT INSURER TO THE COMMISSIONER TO THE
2 INSURER'S TOTAL NUMBER OF HURRICANE-RELATED CLAIMS;

3 B. IS AMONG THE TOP 20% OF INSURERS BASED ON A
4 CALCULATION OF THE RATIO OF HURRICANE CLAIMS CLOSED WITHOUT PAYMENT
5 TO THE INSURER'S TOTAL NUMBER OF HURRICANE CLAIMS ON POLICIES PROVIDING
6 WIND OR WINDSTORM COVERAGE; OR

7 C. HAS MADE SIGNIFICANT PAYMENTS TO ITS MANAGING
8 GENERAL AGENT SINCE THE HURRICANE.

9 (II) A MARKET CONDUCT EXAMINATION CONDUCTED UNDER
10 THIS PARAGRAPH SHALL:

11 1. BE INITIATED WITHIN 18 MONTHS AFTER THE DATE
12 OF LANDFALL OF A HURRICANE THAT RESULTS IN AN EXECUTIVE ORDER OR A STATE
13 OF EMERGENCY ISSUED BY THE GOVERNOR; AND

14 2. INCLUDE AN EXAMINATION OF THE INSURER'S
15 MANAGING GENERAL AGENT.

16 (III) THIS PARAGRAPH DOES NOT REQUIRE THE COMMISSIONER
17 TO CONDUCT MULTIPLE EXAMINATIONS OF THE SAME INSURER IF MULTIPLE
18 HURRICANES MAKE LANDFALL IN THE STATE IN A SINGLE CALENDAR YEAR.

19 (5) THE COMMISSIONER SHALL ADOPT REGULATIONS ESTABLISHING
20 A SELECTION METHODOLOGY FOR SCHEDULING AND CONDUCTING MARKET
21 CONDUCT EXAMINATIONS THAT PRIORITIZE THE EXAMINATION OF ENTITIES
22 MEETING AT LEAST ONE OF THE FOLLOWING CRITERIA:

23 (I) AN INSURANCE REGULATOR IN ANOTHER STATE HAS
24 INITIATED OR TAKEN REGULATORY ACTION AGAINST THE ENTITY REGARDING AN
25 ACT OR OMISSION OF THE ENTITY WHICH, IF COMMITTED IN THE STATE, WOULD
26 CONSTITUTE A VIOLATION OF THIS ARTICLE;

27 (II) GIVEN THE INSURER'S MARKET SHARE IN THE STATE, THE
28 COMMISSIONER HAS RECEIVED A DISPROPORTIONATE NUMBER OF THE FOLLOWING
29 CLAIMS-HANDLING COMPLAINTS AGAINST THE INSURER, AS DETERMINED BY THE
30 COMMISSIONER:

31 1. FAILURE TO TIMELY COMMUNICATE WITH RESPECT
32 TO CLAIMS;

1 2. FAILURE TO TIMELY PAY CLAIMS;

2 3. UNTIMELY PAYMENTS GIVING RISE TO THE PAYMENT
3 OF STATUTORY INTEREST;

4 4. FAILURE TO ADJUST AND PAY CLAIMS IN
5 ACCORDANCE WITH THE TERMS AND CONDITIONS OF THE POLICY OR CONTRACT
6 AND IN COMPLIANCE WITH STATE LAW;

7 5. VIOLATIONS OF TITLE 27 OF THIS ARTICLE;

8 6. FAILURE TO USE LICENSED AND DULY APPOINTED
9 CLAIMS ADJUSTERS;

10 7. FAILURE TO MAINTAIN REASONABLE CLAIMS
11 RECORDS; OR

12 8. FAILURE TO ADHERE TO THE COMPANY'S
13 CLAIMS-HANDLING MANUAL;

14 (III) THE RESULTS OF A NATIONAL ASSOCIATION OF INSURANCE
15 COMMISSIONERS MARKET CONDUCT ANNUAL STATEMENT INDICATE THAT THE
16 INSURER IS A NEGATIVE OUTLIER WITH REGARD TO PARTICULAR METRICS, AS
17 DETERMINED BY THE COMMISSIONER;

18 (IV) THERE IS EVIDENCE THAT THE INSURER IS VIOLATING OR
19 HAS VIOLATED TITLE 27 OF THIS ARTICLE;

20 (V) THE INSURER MEETS THE CRITERIA FOR A MARKET
21 CONDUCT EXAMINATION ESTABLISHED UNDER PARAGRAPH (4) OF THIS
22 SUBSECTION; OR

23 (VI) ANY OTHER CONDITIONS THE COMMISSIONER DETERMINES
24 NECESSARY FOR THE PROTECTION OF THE PUBLIC.

25 (6) THE FREQUENCY OF EXAMINATIONS REQUIRED UNDER
26 PARAGRAPHS (2) THROUGH (5) OF THIS SUBSECTION MAY NOT RESTRICT THE
27 AUTHORITY OF THE COMMISSIONER TO CONDUCT EXAMINATIONS WHENEVER THE
28 COMMISSIONER CONSIDERS IT ADVISABLE.

29 (c) The Commissioner shall examine the affairs, transactions, accounts, records,
30 and assets of:

(1) each insurer and each health maintenance organization that applies for an original certificate of authority to do business in the State; and

(2) each rating organization that applies for a license to do business in the State.

(D) AN EXAMINATION CONDUCTED UNDER THIS SECTION SHALL COVER:

(1) FOR LOW-RISK INSURERS, AT LEAST THE IMMEDIATELY PRECEDING 5 FISCAL YEARS; AND

(2) FOR AVERAGE- AND HIGH-RISK INSURERS, THE FISCAL YEARS SINCE THE LAST EXAMINATION.

[(d)] (E) When examining a reciprocal insurer, the Commissioner may examine the attorney in fact of the reciprocal insurer to the extent that the transactions of the attorney in fact relate to the reciprocal insurer.

[(e)] (F) The Commissioner may limit the examination of an alien insurer to its insurance transactions and affairs in the United States.

[(f)] (G) Instead of conducting an examination, the Commissioner may accept a full report, certified by the insurance supervisory official of another state, of the most recent examination of a foreign insurer or health maintenance organization, alien insurer or health maintenance organization, or an out-of-state rating organization.

2-209.3.

(A) THE COMMISSIONER SHALL SUBMIT QUARTERLY REPORTS TO THE SENATE FINANCE COMMITTEE AND THE HOUSE ECONOMIC MATTERS COMMITTEE, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT ARTICLE, DETAILING:

(1) THE ACTIONS OF THE COMMISSIONER TO ENFORCE COMPLIANCE WITH THIS ARTICLE, INCLUDING:

(I) THE IDENTITY OF THE PERSON AGAINST WHOM THE ACTION WAS TAKEN;

(II) THE PROVISION OF LAW VIOLATED BY THE PERSON;

(III) DETAILS OF THE VIOLATION; AND

(IV) THE RESOLUTION OF THE COMMISSIONER'S ACTION, INCLUDING ANY PENALTIES IMPOSED BY THE COMMISSIONER;

1 **(2) THE REVOCATION, DENIAL, OR SUSPENSION OF LICENSES ISSUED**
2 **UNDER THIS ARTICLE;**

3 **(3) THE ACTIONS TAKEN UNDER § 2-201 OF THIS SUBTITLE;**

4 **(4) THE FINES IMPOSED BY THE COMMISSIONER FOR A VIOLATION OF**
5 **THIS ARTICLE;**

6 **(5) THE CONSENT ORDERS ENTERED INTO BY THE COMMISSIONER;**

7 **(6) THE EXAMINATIONS AND INVESTIGATIONS CONDUCTED UNDER §**
8 **2-205 OR § 2-206 OF THIS SUBTITLE; AND**

9 **(7) THE INVESTIGATIONS CONDUCTED AND COMPLETED FOR WHICH**
10 **THE COMMISSIONER FOUND A VIOLATION OF THIS ARTICLE BUT DID NOT TAKE**
11 **ENFORCEMENT ACTION.**

12 **(B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, ON OR**
13 **BEFORE DECEMBER 31 EACH YEAR, THE COMMISSIONER SHALL SUBMIT A REPORT**
14 **TO THE SENATE FINANCE COMMITTEE AND THE HOUSE ECONOMIC MATTERS**
15 **COMMITTEE, IN ACCORDANCE WITH § 2-1257 OF THE STATE GOVERNMENT**
16 **ARTICLE, THAT INCLUDES THE INFORMATION REQUIRED UNDER SUBSECTION (A)**
17 **OF THIS SECTION FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR.**

18 **(2) THE COMMISSIONER MAY INCLUDE THE ANNUAL REPORT**
19 **REQUIRED UNDER PARAGRAPH (1) OF THIS SUBSECTION WITH THE FIRST**
20 **QUARTERLY REPORT REQUIRED UNDER SUBSECTION (A) OF THIS SECTION**
21 **SUBMITTED DURING EACH CALENDAR YEAR.**

22 **(C) IN SUBMITTING THE REPORTS REQUIRED UNDER SUBSECTIONS (A) AND**
23 **(B) OF THIS SECTION, THE COMMISSIONER MAY EXCLUDE INFORMATION THAT**
24 **WOULD VIOLATE A CONFIDENTIALITY PROVISION INCLUDED WITHIN AN**
25 **AGREEMENT, ORDER, OR CONSENT ORDER ENTERED INTO BY THE COMMISSIONER.**

26 **2-407.**

27 **ON OR BEFORE DECEMBER 1 EACH YEAR, THE FRAUD DIVISION SHALL**
28 **REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2-1257 OF THE**
29 **STATE GOVERNMENT ARTICLE, ON:**

30 **(1) THE TOTAL NUMBER OF:**

31 **(I) INITIAL REFERRALS RECEIVED BY THE FRAUD DIVISION;**

(II) CASES REFERRED TO THE OFFICE OF THE ATTORNEY
GENERAL OR THE APPROPRIATE STATE'S ATTORNEY;

(III) CASES CLOSED BY THE FRAUD DIVISION;

(IV) CONVICTIONS RESULTING FROM CASES REFERRED BY THE
FRAUD DIVISION;

(V) REFERRALS RECEIVED FROM INSURERS AND THE OUTCOME
OF THE INVESTIGATIONS;

(VI) INVESTIGATIONS BY THE FRAUD DIVISION THAT WERE NOT
THE RESULT OF A REFERRAL FROM AN INSURER AND THE OUTCOME OF THE
REFERRALS;

(VII) CASES REFERRED BY THE FRAUD DIVISION TO THE OFFICE
OF THE ATTORNEY GENERAL OR THE APPROPRIATE STATE'S ATTORNEY THAT THE
ATTORNEY GENERAL OR STATE'S ATTORNEY DECLINED TO PROSECUTE AND THE
REASONS FOR DECLINING PROSECUTION;

(VIII) EMPLOYEES ASSIGNED TO THE FRAUD DIVISION,
DELINEATED BY THE LOCATION OF STAFF ASSIGNED; AND

(IX) THE NUMBER AND LOCATION OF EMPLOYEES ASSIGNED TO
THE FRAUD DIVISION WHO WERE ASSIGNED TO INVESTIGATE OTHER TYPES OF
FRAUD CASES;

(2) THE AVERAGE CASELOAD AND TURNAROUND, BY TYPE OF CASE,
FOR EACH INVESTIGATOR ASSIGNED TO THE FRAUD DIVISION; AND

(3) THE TRAINING PROVIDED TO INVESTIGATORS ASSIGNED TO THE
FRAUD DIVISION DURING THE PERIOD COVERED BY THE REPORT.

2-408.

The Office of the Attorney General shall report to the Fraud Division on each case:

(1) not prosecuted WITHIN 60 DAYS AFTER THE DATE OF REFERRAL BY
THE FRAUD DIVISION and the reasons why the case was not prosecuted WITHIN 60 DAYS
AFTER THE DATE OF REFERRAL; AND

1 **(2) IF THE OFFICE OF THE ATTORNEY GENERAL OR STATE'S**
2 **ATTORNEY DECLINED TO PROSECUTE THE CASE, THAT THE OFFICE OF THE**
3 **ATTORNEY GENERAL OR STATE'S ATTORNEY DECLINED TO PROSECUTE AND THE**
4 **REASONS WHY THE CASE WAS NOT PROSECUTED.**

5 9–102.

6 (a) In determining whether the continued operation of an authorized insurer
7 engaging in insurance business in the State would be hazardous to policyholders or
8 creditors of the authorized insurer or the general public, the Commissioner may consider:

9 (19) whether transactions among affiliates, subsidiaries, or controlling
10 persons for which the insurer receives assets or capital gains, or both, do not provide
11 sufficient value, liquidity, or diversity to assure the authorized insurer's ability to meet its
12 outstanding obligations as they mature; [or]

13 **(20) THE RATIO OF THE ANNUAL PREMIUM VOLUME TO SURPLUS OR OF**
14 **ITS LIABILITIES TO SURPLUS IN RELATION TO LOSS EXPERIENCE, THE KINDS OF**
15 **RISKS INSURED, OR BOTH;**

16 **(21) WHETHER THE INSURER'S ASSET PORTFOLIO, WHEN VIEWED IN**
17 **LIGHT OF CURRENT ECONOMIC CONDITIONS AND INDICATIONS OF FINANCIAL OR**
18 **OPERATIONAL LEVERAGE, IS OF SUFFICIENT VALUE, LIQUIDITY, OR DIVERSITY TO**
19 **ASSURE THE COMPANY'S ABILITY TO MEET ITS OUTSTANDING OBLIGATIONS AS IT**
20 **MATURES;**

21 **(22) WHETHER THE EXCESS OF SURPLUS AS REGARDS**
22 **POLICYHOLDERS ABOVE THE INSURER'S STATUTORILY REQUIRED SURPLUS AS**
23 **REGARDS POLICYHOLDERS HAS DECREASED BY MORE THAN 50% IN THE**
24 **IMMEDIATELY PRECEDING 12 MONTHS;**

25 **(23) AS TO AN INSURER ISSUING, SELLING, OR DELIVERING**
26 **HOMEOWNER'S INSURANCE POLICIES IN THE STATE, WHETHER THE INSURER HAS**
27 **SUFFICIENT CAPITAL, SURPLUS, AND REINSURANCE TO WITHSTAND SIGNIFICANT**
28 **WEATHER EVENTS;**

29 **(24) WHETHER THE INSURER'S REQUIRED SURPLUS, CAPITAL, OR**
30 **CAPITAL STOCK IS IMPAIRED TO AN EXTENT PROHIBITED BY LAW;**

31 **(25) WHETHER THE INSURER CONTINUES TO WRITE NEW BUSINESS**
32 **WHEN IT HAS NOT MAINTAINED THE REQUIRED SURPLUS OR CAPITAL;**

1 **(26) WHETHER THE INSURER MOVES TO DISSOLVE OR LIQUIDATE**
2 **WITHOUT FIRST HAVING MADE PROVISIONS SATISFACTORY TO THE COMMISSIONER**
3 **FOR LIABILITIES ARISING FROM INSURANCE POLICIES ISSUED BY THE INSURER;**

4 **(27) WHETHER THE INSURER HAS INCURRED SUBSTANTIAL NEW DEBT,**
5 **HAS HAD TO RELY ON FREQUENT OR SUBSTANTIAL CAPITAL INFUSIONS, OR HAS A**
6 **HIGHLY LEVERAGED BALANCE SHEET;**

7 **(28) WHETHER THE INSURER RELIES INCREASINGLY ON OTHER**
8 **ENTITIES, INCLUDING AFFILIATES, THIRD-PARTY ADMINISTRATORS, MANAGING**
9 **GENERAL AGENTS, OR MANAGEMENT COMPANIES;**

10 **(29) WHETHER THE INSURER MEETS ONE OR MORE OF THE GROUNDS**
11 **IN § 9-211 OF THIS TITLE FOR APPOINTMENT OF THE COMMISSIONER AS A**
12 **RECEIVER; OR**

13 **[(20)] (30) any other finding determined by the Commissioner to be**
14 **hazardous to policyholders, creditors of the authorized insurer, or the general public.**

15 19-210.

16 (a) An insurer shall offer at least one actuarially justified premium discount on a
17 policy of homeowner's insurance to a policyholder who submits proof of improvements made
18 to the insured premises as a means of mitigating loss from a hurricane or other storm.

19 (b) Means of mitigating loss include:

20 (1) the installation of one or more of the following:

- 21 (i) hurricane shutters;
- 22 (ii) secondary water barrier;
- 23 (iii) reinforced roof coverings;
- 24 (iv) braced gable ends;
- 25 (v) reinforced roof to wall connections;
- 26 (vi) tie downs; and
- 27 (vii) reinforced opening protections;

28 (2) repair or replacement of:

- 29 (i) exterior doors, including garage doors;

1 (ii) hurricane resistant trusses, studs, and other structural
2 components; and

3 (iii) repair or replacement of manufactured home piers, anchors, and
4 tie down straps; and

5 (3) any mitigation effort that materially mitigates loss from a hurricane or
6 other storm otherwise covered under the policy.

7 (c) Improvements made to the insured premises under this section shall be
8 inspected by a contractor licensed by the Maryland Department of Labor.

9 (d) (1) An insurer shall be allowed to inspect the improvements that are the
10 basis of a premium discount under this section.

11 (2) (i) Verification of improvements that are the basis of a premium
12 discount under this section rests with the insurer.

13 (ii) An insurer may accept an inspection certificate issued by a
14 governmental agency as verification of improvements that are the basis of a premium
15 discount under this section.

16 (e) A premium discount offered under this section shall:

17 (1) comply with [the provisions of] Title 11 of this article; and

18 (2) only be offered for improvements identified by the Commissioner as
19 qualified mitigation actions made to the insured premises that may materially mitigate
20 loss from a hurricane or other storm otherwise covered under the policy.

21 (f) (1) An insurer that offers a premium discount under this section shall
22 provide:

23 (I) a policyholder with an annual statement regarding the
24 availability of the discount and the method of applying for the discount; AND

25 (II) INFORMATION DESCRIBING THE AVAILABILITY OF
26 PREMIUM DISCOUNTS OFFERED UNDER THIS SECTION, ACCESSIBLE ON THE
27 PRIMARY PAGE OF THE INSURER'S WEBSITE.

28 (2) The notice required under paragraph [(1)] (1)(I) of this subsection may
29 be sent with the statement required under § 19–205 of this subtitle.

(3) An insurer may comply with the [renewal] notice requirements OF PARAGRAPH (1)(I) of this subsection by sending the notice authorized by § 19–216 of this subtitle.

[(g)] (4) The notice required [by] UNDER PARAGRAPH (1)(I) OF this [section] SUBSECTION may be delivered by electronic means if the insurer complies with the requirements of § 27–601.2 of this article.

(G) BEGINNING OCTOBER 1, 2030, AND EVERY 5 YEARS THEREAFTER, THE COMMISSIONER SHALL EVALUATE AND UPDATE THE FIXTURES OR CONSTRUCTION TECHNIQUES DEMONSTRATED TO REDUCE THE AMOUNT OF LOSS IN A HURRICANE OR OTHER STORM AND THE DISCOUNTS, CREDITS, OTHER RATE DIFFERENTIALS, AND APPROPRIATE REDUCTIONS IN DEDUCTIBLES THAT REFLECT THE FULL ACTUARIAL VALUE OF THE FIXTURES OR CONSTRUCTION TECHNIQUES.

(h) The Commissioner may adopt regulations to [implement the provisions of] CARRY OUT this section.

19–217.

(A) THIS SECTION DOES NOT APPLY TO A TEMPORARY SUSPENSION OF WRITING NEW BUSINESS THAT IS IN RESPONSE TO:

(1) A HURRICANE THAT MAY MAKE LANDFALL IN THE STATE, IF THE TEMPORARY SUSPENSION CEASES WITHIN 72 HOURS AFTER THE DATE ON WHICH HURRICANE CONDITIONS ARE NO LONGER PRESENT IN THE STATE; OR

(2) ANOTHER NATURAL EMERGENCY THAT IMPACTS AT LEAST ONE COUNTY AND IS THE SUBJECT OF A DECLARED STATE OF EMERGENCY BY A LOCAL, STATE, OR FEDERAL AUTHORITY, IF THE TEMPORARY SUSPENSION:

(I) APPLIES ONLY TO THE AFFECTED COUNTIES; AND

(II) CEASES WITHIN 72 HOURS AFTER THE DATE ON WHICH THE NATURAL EMERGENCY IS NO LONGER PRESENT IN THE COUNTIES.

(B) BEFORE TEMPORARILY SUSPENDING WRITING NEW HOMEOWNER’S INSURANCE POLICIES IN THE STATE, AN INSURER MUST GIVE NOTICE TO THE COMMISSIONER OF THE INSURER’S REASONS FOR SUCH ACTION, THE EFFECTIVE DATES OF THE TEMPORARY SUSPENSION, AND THE PROPOSED COMMUNICATION TO ITS AGENTS.

(C) THE NOTICE PROVIDED UNDER SUBSECTION (B) OF THIS SECTION SHALL BE:

1 (1) PROVIDED ON A FORM APPROVED BY THE COMMISSIONER; AND

2 (2) SUBMITTED TO THE COMMISSIONER 20 BUSINESS DAYS BEFORE
3 THE EFFECTIVE DATE OF THE TEMPORARY SUSPENSION OF WRITING OR 5 BUSINESS
4 DAYS BEFORE THE DATE THAT THE INSURER NOTIFIES ITS AGENTS OF THE
5 TEMPORARY SUSPENSION OF WRITING, WHICHEVER IS EARLIER.

6 (D) AN INSURER SHALL PROVIDE TO THE COMMISSIONER ANY OTHER
7 INFORMATION RELATING TO A TEMPORARY SUSPENSION UNDER THIS SECTION
8 REQUESTED BY THE COMMISSIONER.

9 (E) THIS SECTION DOES NOT REQUIRE AN INSURER TO OBTAIN THE
10 APPROVAL OF THE COMMISSIONER BEFORE TEMPORARILY SUSPENDING WRITING
11 NEW HOMEOWNER'S INSURANCE POLICIES IN THE STATE.

12 (F) THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS
13 SECTION.

14 19-218.

15 (A) AN AUTHORIZED INSURER THAT ISSUES, SELLS, OR DELIVERS
16 HOMEOWNER'S INSURANCE POLICIES IN THE STATE SHALL CREATE AND USE A
17 CLAIMS-HANDLING MANUAL THAT PROVIDES GUIDELINES AND PROCEDURES THAT
18 COMPLY WITH, AT A MINIMUM:

19 (1) REQUIREMENTS OF STATE LAW; AND

20 (2) USUAL AND CUSTOMARY INDUSTRY CLAIMS-HANDLING
21 PRACTICES.

22 (B) THE MANUAL REQUIRED UNDER SUBSECTION (A) OF THIS SECTION
23 SHALL INCLUDE GUIDELINES AND PROCEDURES FOR:

24 (1) INITIALLY RECEIVING A CLAIM, ACKNOWLEDGING THE INITIAL
25 RECEIPT OF THE CLAIM, AND REVIEWING AND EVALUATING THE CLAIM;

26 (2) COMMUNICATING WITH POLICYHOLDERS, BEGINNING ON THE
27 DATE THAT THE INSURER RECEIVES THE CLAIM AND CONTINUING UNTIL THE CLAIM
28 IS CLOSED;

29 (3) SETTLING THE CLAIM RESERVE;

1 (4) INVESTIGATING THE CLAIM, INCLUDING CONDUCTING
2 INSPECTIONS OF THE PROPERTY THAT IS SUBJECT TO THE CLAIM;

3 (5) MAKING PRELIMINARY ESTIMATES AND ESTIMATES OF THE
4 COVERED DAMAGES TO THE INSURED PROPERTY AND COMMUNICATING THE
5 ESTIMATES TO THE POLICYHOLDER;

6 (6) THE PAYMENT, PARTIAL PAYMENT, OR DENIAL OF THE CLAIM AND
7 COMMUNICATING THE CLAIM DECISION TO THE POLICYHOLDER;

8 (7) CLOSING A CLAIM; AND

9 (8) ANY ASPECT OF THE CLAIMS–HANDLING PROCESS WHICH THE
10 COMMISSIONER DETERMINES SHOULD BE INCLUDED IN THE CLAIMS–HANDLING
11 MANUAL FOR PURPOSES OF:

12 (I) COMPLYING WITH THE LAWS OF THE STATE OR ORDERS OF
13 THE COMMISSIONER;

14 (II) ENSURING THAT THE CLAIMS–HANDLING MANUAL, AT A
15 MINIMUM, COMPLIES WITH THE USUAL AND CUSTOMARY INDUSTRY
16 CLAIMS–HANDLING GUIDELINES; OR

17 (III) PROTECTING POLICYHOLDERS OF THE INSURER OR THE
18 GENERAL PUBLIC.

19 (c) (1) AT ANY TIME, THE COMMISSIONER MAY REQUEST THAT AN
20 AUTHORIZED INSURER THAT ISSUES, SELLS, OR DELIVERS HOMEOWNER’S
21 INSURANCE POLICIES IN THE STATE SUBMIT A PHYSICAL OR ELECTRONIC COPY OF
22 THE INSURER’S CURRENTLY APPLICABLE, OR OTHERWISE SPECIFICALLY
23 REQUESTED, CLAIMS–HANDLING MANUAL.

24 (2) ON RECEIPT OF A REQUEST BY THE COMMISSIONER UNDER
25 PARAGRAPH (1) OF THIS SUBSECTION, THE INSURER SHALL SUBMIT TO THE
26 COMMISSIONER WITHIN 5 BUSINESS DAYS:

27 (I) A TRUE AND CORRECT COPY OF EACH CLAIMS–HANDLING
28 MANUAL REQUESTED; AND

29 (II) AN ATTESTATION, ON A FORM PRESCRIBED BY THE
30 COMMISSIONER:

1 1. THAT THE INSURER HAS PROVIDED A TRUE AND
2 CORRECT COPY OF EACH CLAIMS–HANDLING MANUAL REQUESTED; AND

3 2. THE TIME PERIOD DURING WHICH EACH SUBMITTED
4 CLAIMS–HANDLING MANUAL WAS OR IS IN EFFECT.

5 (D) EACH YEAR, AN INSURER THAT ISSUES, SELLS, OR DELIVERS
6 HOMEOWNER’S INSURANCE POLICIES IN THE STATE SHALL CERTIFY AND ATTEST,
7 ON A FORM PRESCRIBED BY THE COMMISSIONER, THAT:

8 (1) EACH OF THE INSURER’S CURRENT CLAIMS–HANDLING MANUALS
9 COMPLIES WITH THE REQUIREMENTS OF STATE LAW AND COMPLIES WITH, AT A
10 MINIMUM, USUAL AND CUSTOMARY INDUSTRY CLAIMS–HANDLING PRACTICES; AND

11 (2) THE INSURER MAINTAINS ADEQUATE RESOURCES AVAILABLE TO
12 IMPLEMENT THE REQUIREMENTS OF EACH OF ITS CLAIMS–HANDLING MANUALS AT
13 ALL TIMES, INCLUDING DURING NATURAL DISASTERS AND CATASTROPHIC EVENTS.

14 (E) THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS
15 SECTION.

16 19–219.

17 (A) FOR PURPOSES OF THIS SECTION, A STRUCTURE IS DEEMED TO BE
18 REPAIRED WHEN SUBSTANTIALLY COMPLETED AND RESTORED TO THE EXTENT
19 THAT IT IS INSURABLE BY ANOTHER INSURER WRITING POLICIES IN THE STATE.

20 (B) AN INSURER THAT ISSUES, SELLS, OR DELIVERS HOMEOWNER’S
21 INSURANCE POLICIES MAY NOT CANCEL OR REFUSE TO RENEW A HOMEOWNER’S
22 INSURANCE POLICY:

23 (1) IF THE PROPERTY HAS BEEN DAMAGED AS A RESULT OF A
24 HURRICANE OR WIND LOSS THAT IS THE SUBJECT OF A DECLARATION OF A STATE
25 OF EMERGENCY AND THE FILING OF AN ORDER BY THE COMMISSIONER, FOR A
26 PERIOD OF 90 DAYS AFTER THE DATE ON WHICH THE PROPERTY IS DEEMED
27 REPAIRED; OR

28 (2) IF ITEM (1) OF THIS SUBSECTION DOES NOT APPLY AND THE
29 PROPERTY WAS DAMAGED BY A COVERED PERIL, UNTIL THE PROPERTY IS DEEMED
30 REPAIRED OR 1 YEAR AFTER THE INSURER ISSUES A FINAL CLAIM PAYMENT,
31 WHICHEVER IS EARLIER.

32 27–303.

1 It is an unfair claim settlement practice and a violation of this subtitle for an insurer,
2 nonprofit health service plan, or health maintenance organization to:

3 (1) misrepresent pertinent facts or policy provisions that relate to the claim
4 or coverage at issue;

5 (2) refuse to pay a claim for an arbitrary or capricious reason based on all
6 available information;

7 (3) attempt to settle a claim based on an application that is altered without
8 notice to, or the knowledge or consent of, the insured;

9 (4) fail to include with each claim paid to an insured or beneficiary a
10 statement of the coverage under which payment is being made;

11 (5) fail to settle a claim promptly whenever liability is reasonably clear
12 under one part of a policy, in order to influence settlements under other parts of the policy;

13 (6) fail to provide promptly on request a reasonable explanation of the basis
14 for a denial of a claim;

15 (7) fail to meet the requirements of Title 15, Subtitle 10B of this article for
16 preauthorization for a health care service;

17 (8) fail to comply with [the provisions of] Title 15, Subtitle 10A of this
18 article;

19 (9) fail to act in good faith, as defined under § 27–1001 of this title, in
20 settling a first-party claim under a policy of property and casualty insurance; [or]

21 (10) fail to comply with [the provisions of] § 16–118 of this article; OR

22 **(11) ALTER OR AMEND AN INSURANCE ADJUSTER’S REPORT WITHOUT:**

23 **(I) PROVIDING A DETAILED EXPLANATION AS TO WHY A**
24 **CHANGE THAT HAS THE EFFECT OF REDUCING THE ESTIMATE OF THE LOSS WAS**
25 **MADE; AND**

26 **(II) 1. INCLUDING IN THE REPORT OR AS AN ADDENDUM TO**
27 **THE REPORT A DETAILED LIST OF ALL CHANGES MADE TO THE REPORT AND THE**
28 **IDENTITY OF THE INDIVIDUAL WHO ORDERED EACH CHANGE; OR**

29 **2. RETAINING ALL VERSIONS OF THE REPORT,**
30 **INCLUDING THE IDENTITY OF EACH INDIVIDUAL WHO ORDERED EACH CHANGE**
31 **WITHIN EACH VERSION OF THE REPORT.**

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2025.