HOUSE BILL 1577

C4 0lr3661
CF SB 654

By: **Delegate C. Jackson**
Introduced and read first time: February 12, 2020
Assigned to: Rules and Executive Nominations

A BILL ENTITLED

AN ACT concerning

Motor Vehicle Liability Insurance – Premium Increases – Consumer Complaints

FOR the purpose of repealing a requirement that an insured mail or transmit to the Maryland Insurance Commissioner a protest within a certain time period after the mailing date of a certain notice when protesting a proposed premium increase for a policy of private passenger motor vehicle liability insurance; requiring the Maryland Insurance Administration to submit a certain report to the General Assembly on or before a certain date each year; and generally relating to private passenger motor vehicle liability insurance.

BY repealing and reenacting, without amendments,
Article – Insurance
Section 27–614(a), (b), (c)(1), (d)(4) through (7), (e), and (g)
Annotated Code of Maryland
(2017 Replacement Volume and 2019 Supplement)

BY repealing and reenacting, with amendments,
Article – Insurance
Section 27–614(d)(1)
Annotated Code of Maryland
(2017 Replacement Volume and 2019 Supplement)

BY adding to
Article – Insurance
Section 27–614(h)
Annotated Code of Maryland
(2017 Replacement Volume and 2019 Supplement)

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

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

Article – Insurance

27–614.

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

(1) a surcharge;

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

(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.

(d) (1) If the insured believes that the premium increase is incorrect, the insured may protest the proposed action of the insurer **[**within 30 days**]** after the mailing date of the notice by mailing or transmitting by facsimile to the Commissioner:

(i) a copy of the notice;

(ii) the insured's address and daytime telephone number; and

(iii) a statement of the reason that the insured believes the premium increase is incorrect.

(4) Based on the information contained in the notice, the Commissioner shall:

(i) determine whether the insurer's action is in accordance with the insurer's filed rating plan and this article; and

(ii) dismiss the protest or disallow the proposed action of the insurer.

(5) The Commissioner shall notify the insurer and the insured of the action of the Commissioner promptly in writing.

(6) For a premium increase of more than 15% for the entire policy, within 30 days after the mailing date of the Commissioner's notice of action, the aggrieved party may request a hearing.

(7) The Commissioner shall:

(i) hold a hearing within a reasonable time after the request for a hearing; and

(ii) give written notice of the time and place of the hearing at least 10 days before the hearing.

(e) (1) The Commissioner shall issue an order within 30 days after the conclusion of the hearing.

(2) If the Commissioner finds the proposed action of the insurer to be in accordance with the insurer's filed rating plan and this article, the Commissioner shall:

(i) dismiss the protest; and

(ii) if the insurer's action is stayed, allow the proposed action of the insurer to be taken on the later of:

1. its proposed effective date; and

2. 30 days after the date of the determination.

(3) If the Commissioner finds that the actual reason for the proposed action is not stated in the notice or the proposed action is not in accordance with the insurer's filed rating plan or this article, the Commissioner shall:

(i) disallow the action; and

(ii) order the insurer to pay reasonable attorney's fees incurred by the insured for representation at the hearing if the Commissioner finds that 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.

(4) The Commissioner may not dismiss a protest solely because of the insured's failure to state a reason that the insured believes the premium increase is incorrect.

(g) A party to a proceeding under this section may appeal the decision of the

Commissioner in accordance with § 2–215 of this article.

(H) ON OR BEFORE DECEMBER 1 EACH YEAR, BEGINNING IN 2020, THE ADMINISTRATION SHALL REPORT TO THE GENERAL ASSEMBLY, IN ACCORDANCE WITH § 2–1257 OF THE STATE GOVERNMENT ARTICLE, ON THE FOLLOWING FOR THE IMMEDIATELY PRECEDING FISCAL YEAR:

(1) THE NUMBER OF PROTESTS OF MOTOR VEHICLE LIABILITY INSURANCE PREMIUM INCREASES RECEIVED BY THE ADMINISTRATION FROM CONSUMERS;

(2) THE INSURERS THAT WERE THE SUBJECTS OF THE PROTESTS AND THE NATURE OF THE PROTESTS; AND

(3) THE ADMINISTRATIVE AND JUDICIAL DISPOSITIONS OF THE PROTESTS.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2020.