

HOUSE BILL 86

C4

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(PRE-FILED)

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

Requested: September 24, 2009

Introduced and read first time: January 13, 2010

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Underwriting and Rating – Consumer Rates and Rating**

3 FOR the purpose of clarifying that an insurer shall place and retain a consumer at the
4 most favorably priced rate for which the consumer qualifies; clarifying that an
5 insurer that is part of an insurance holding company system shall place, retain,
6 or move a consumer to the most favorably priced rating tier of any of the
7 admitted insurers within its holding company system for which the consumer
8 qualifies; and generally relating to insurance underwriting and rating.

9 BY repealing and reenacting, with amendments,
10 Article – Insurance
11 Section 27–212(e) and 27–501(a)
12 Annotated Code of Maryland
13 (2006 Replacement Volume and 2009 Supplement)

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

16 **Article – Insurance**

17 27–212.

18 (e) (1) An insurer may not make or allow unfair discrimination between
19 insureds or properties having like insuring or risk characteristics in:

20 (i) the premium or rates charged for insurance;

21 (ii) the dividends or other benefits payable on the insurance; or

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (iii) any of the other terms or conditions of the insurance.

2 (2) Notwithstanding any other provision of this section, an insurer
3 may not make or allow a differential in ratings, premium payments, or dividends for a
4 reason based on the sex, physical handicap, or disability of an applicant or
5 policyholder unless there is actuarial justification for the differential.

6 (3) (I) AN INSURER SHALL PLACE AND RETAIN A CONSUMER
7 AT THE MOST FAVORABLY PRICED RATE FOR WHICH THE CONSUMER QUALIFIES.

8 (II) AN INSURER THAT IS PART OF AN INSURANCE HOLDING
9 COMPANY SYSTEM, AS DEFINED IN § 7-101 OF THIS ARTICLE, SHALL PLACE,
10 RETAIN, OR MOVE A CONSUMER TO THE MOST FAVORABLY PRICED RATING TIER
11 OF ANY OF THE ADMITTED INSURERS WITHIN ITS HOLDING COMPANY SYSTEM
12 FOR WHICH THE CONSUMER QUALIFIES.

13 27-501.

14 (a) (1) An insurer or insurance producer may not cancel or refuse to
15 underwrite or renew a particular insurance risk or class of risk for a reason based
16 wholly or partly on race, color, creed, sex, or blindness of an applicant or policyholder
17 or for any arbitrary, capricious, or unfairly discriminatory reason.

18 (2) Except as provided in this section, an insurer or insurance
19 producer may not cancel or refuse to underwrite or renew a particular insurance risk
20 or class of risk except by the application of standards that are reasonably related to
21 the insurer's economic and business purposes.

22 (3) (I) AN INSURER SHALL PLACE AND RETAIN A CONSUMER
23 AT THE MOST FAVORABLY PRICED RATE FOR WHICH THE CONSUMER QUALIFIES.

24 (II) AN INSURER THAT IS PART OF AN INSURANCE HOLDING
25 COMPANY SYSTEM, AS DEFINED IN § 7-101 OF THIS ARTICLE, SHALL PLACE,
26 RETAIN, OR MOVE A CONSUMER TO THE MOST FAVORABLY PRICED RATING TIER
27 OF ANY OF THE ADMITTED INSURERS WITHIN ITS HOLDING COMPANY SYSTEM
28 FOR WHICH THE CONSUMER QUALIFIES.

29 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to
30 all policies of private passenger motor vehicle insurance, homeowner's insurance, and
31 personal insurance issued, delivered, or renewed in the State on or after June 1, 2010.

32 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect
33 June 1, 2010.