

MARYLAND LAWS AND REGULATIONS ON INSURANCE PREMIUM

LAWS:

§19–114. Deductibles in medical malpractice policies.

(a) Each insurer that issues or delivers a medical professional liability insurance policy in the State shall offer at a minimum, in addition to the basic policy, additional policies with deductibles in the following amounts:

- (1) \$25,000;
- (2) \$50,000; and
- (3) \$100,000.

(b) In a policy with a deductible described in subsection (a) of this section, the insurer shall apply the deductible only to the liability of the insured under the policy.

(c) (1) An insurer that issues or delivers a medical professional liability insurance policy with a deductible described in subsection (a) of this section may cancel the policy for nonpayment of the deductible when the deductible is due and payable under the policy.

(2) A medical professional liability insurer that cancels a policy under paragraph (1) of this subsection is subject to the notice provisions under § 27-602 of this article.

§27-601 Definitions.

(a) In this subtitle the following words have the meanings indicated.

(b) (1) “Commercial insurance” means property insurance or casualty insurance issued to an individual, a sole proprietor, partnership, corporation, limited liability company, or similar entity and intended to insure against loss arising from the business pursuits of the insured entity.

(2) “Commercial insurance” does not include:

- (i) policies issued by the Maryland Automobile Insurance Fund;
- (ii) policies issued by the Joint Insurance Association;

- (iii) workers' compensation insurance; or
- (iv) title insurance.

(c) (1) "Personal insurance" means property insurance or casualty insurance issued to an individual, trust, estate, or similar entity that is intended to insure against loss arising principally from the personal, noncommercial activities of the insured.

(2) "Personal insurance" does not include:

- (i) motor vehicle liability insurance policies subject to § 27-613 of this subtitle;
- (ii) policies issued by the Maryland Automobile Insurance Fund;
- (iii) policies issued by the Joint Insurance Association; or
- (iv) surety insurance.

§27-601.1 Transfers of policy holders between insurers within same insurance holding company system as renewal.

(a) For purposes of this subtitle, with respect to policies of personal insurance, private passenger motor vehicle liability insurance, commercial insurance, and workers' compensation insurance, the issuance by an insurer of a new policy to replace an expiring policy issued by that insurer is a renewal.

(b) For purposes of this subtitle, with respect to policies of personal insurance, private passenger motor vehicle liability insurance, commercial insurance, and workers' compensation insurance, the issuance by an insurer of a new policy to replace an expiring policy issued by another admitted insurer within the same insurance holding company system, as defined in § 7-101 of this article, is a renewal if:

- (1) the policyholder's premium does not increase; and
- (2) the policyholder does not experience a reduction in coverage.

§27-612 Liability of insurer for coverage.

(a) (1) If an insurer fails to comply with any provision of § 27-602, § 27-603, § 27-604, § 27-605, § 27-606, § 27-607, § 27-608, § 27-610, or § 27-613 of this subtitle, the insurer is liable to the applicant for the coverage that was requested, or that would have become effective except for the failure to comply with these provisions, unless the person seeking coverage:

- (i) no longer wishes the coverage;
- (ii) has obtained other substantially equivalent coverage; or
- (iii) fails to tender or pay the premium after reasonable demand for the premium has been made.

(2) The liability of an insurer under paragraph (1) of this subsection is in addition to any other penalties applicable by law.

(b) Liability for coverage does not apply to failure to comply with § 27-611 of this subtitle, as it relates to motor vehicle liability insurance.

§27-212 Rebates and unfair discrimination – Insurance other than life insurance, health insurance and annuities.

(a) This section does not apply to life insurance, health insurance, and annuities.

(b) Except to the extent provided for in an applicable filing with the Commissioner as provided by law, an insurer, employee or representative of an insurer or insurance producer may not pay, allow, give, or offer to pay, allow, or give directly or indirectly as an inducement to insurance or after insurance has become effective:

(1) a rebate, discount, abatement, credit, or reduction of the premium stated in the policy;

(2) a special favor or advantage in the dividends or other benefits to accrue on the policy; or

(3) any valuable consideration or other inducement not specified in the policy.

(c) An insured named in a policy or an employee of the insured may not knowingly receive or accept directly or indirectly a rebate, discount, abatement, credit, reduction of premium, special favor, advantage, valuable consideration, or inducement described in subsection (b) of this section.

(d) Except as otherwise provided by law, a person may not knowingly offer, promise, or give any valuable consideration not specified in the policy, except for educational materials, promotional materials, or articles of merchandise that cost no more than \$25, regardless of whether a policy is purchased.

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

(i) the premium or rates charged for insurance;

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

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

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

(f) This section does not prohibit an insurer from:

(1) paying commissions or other compensation to licensed insurance producers; or

(2) allowing or returning to its participating policyholders, members, or subscribers lawful dividends, savings, or unabsorbed premium deposits.

§27–216 Improper premiums and charges.

(a) A person may not willfully collect a premium or charge for insurance if the insurance is not then provided, or is not in due course to be provided subject to acceptance of the risk by the insurer, in a policy issued by an insurer as authorized by this article.

(b) (1) A person may not willfully collect a premium or charge for insurance that:

(i) exceeds or is less than the premium or charge applicable to that insurance under the applicable classifications and rates as filed with and approved by the Commissioner; or

(ii) if classifications, premiums, or rates are not required by this article to be filed with and approved by the Commissioner, exceeds or is less than the premium or charge specified in the policy and set by the insurer.

(2) Paragraph (1) of this subsection does not prohibit:

(i) a surplus lines broker that holds a certificate of qualification under Title 3, Subtitle 3 of this article from charging and collecting applicable State and federal taxes in addition to the required premium;

(ii) a life insurer from charging and collecting the amount actually expended for a medical examination of an applicant for life insurance or reinstatement of a policy of life insurance;

(iii) an insurance producer from charging a fee, not exceeding 15% of the premium, for services rendered in replacing insurance in an insurer if commissions are not payable by the insurer; or

(iv) a fund producer from charging and collecting, as actual expenses incurred in placing automobile insurance with the Maryland Automobile Insurance Fund:

1. a maximum charge of \$10 plus \$1 more than the actual charge by the Motor Vehicle Administration for a driving record required to be presented with the application, unless otherwise provided by the Fund; or

2. the amount provided in subsection (e) of this section.

(3) (i) Subject to subparagraphs (ii), (iii), (iv), and (v) of this paragraph, paragraph (1) of this subsection does not prohibit an authorized insurer from charging and collecting, if approved by the Commissioner, reasonable installment fees or reasonable fees for late payment of premiums by policyholders or both.

(ii) The Commissioner:

1. shall review administrative expenses submitted by an authorized insurer that are associated with late payments or installment payments;

and

2. may approve a late fee or installment fee not to exceed \$10.

(iii) A late fee may not be imposed:

1. during any grace period required by law or regulation on a policy of insurance; or

2. if no grace period is required by law or regulation on a policy of insurance, until 2 business days after the date the payment amount becomes due.

(iv) An authorized insurer shall credit each payment received from an insured to the premium owed by the insured before crediting the payment to a late fee or installment fee owed by the insured.

(v) A policy of insurance may not be canceled for the failure to pay a single late fee or single installment fee.

(c) An insurer may not raise the policy limits of coverage, if the effect could be an increase in the premium without the prior consent of the insured.

(d) (1) Notwithstanding subsection (a) of this section, a surplus lines broker that holds a certificate of qualification under Title 3, Subtitle 3 of this article may charge a reasonable policy fee on a policy issued by a surplus lines insurer not exceeding:

(i) \$100 on each personal lines policy procured by a licensed insurance producer not affiliated with or controlled by the surplus lines broker and to whom the surplus lines broker pays a commission; or

(ii) \$250 on each commercial lines policy procured by a licensed insurance producer not affiliated with or controlled by the surplus lines broker and to whom the surplus lines broker pays a commission.

(2) A surplus lines broker that holds a certificate of qualification under Title 3, Subtitle 3 of this article and a license as an insurance producer under Title 10, Subtitle 1 of this article may charge a reasonable policy fee on a policy issued by an authorized insurer not exceeding \$250 on each commercial lines policy procured by a licensed insurance producer not affiliated with or controlled by the surplus lines broker and to whom the surplus lines broker pays a commission.

(3) The policy fee charged in accordance with this subsection must be reasonably related to the cost of underwriting, issuing, processing, and servicing the policy by the surplus lines broker for the surplus lines insurer or the authorized insurer.

(4) Notwithstanding subsection (a) of this section, a surplus lines broker that holds a certificate of qualification under Title 3, Subtitle 3 of this article may recoup from the prospective insured the actual cost of an inspection required for the placement of surplus lines insurance with a surplus lines insurer if:

(i) the inspection is required by the surplus lines insurer;

(ii) the cost of the inspection is actually incurred by the surplus lines broker and not retained by the surplus lines broker; and

(iii) the cost of the inspection is documented and verifiable.

(5) A surplus lines broker that holds a certificate of qualification under Title 3, Subtitle 3 of this article and a license as an insurance producer under Title 10, Subtitle 1 of this article may recoup from the prospective insured the actual cost of an inspection required for the placement of insurance with an authorized insurer if:

(i) the inspection is required by the authorized insurer;

(ii) the cost of the inspection is actually incurred by the surplus lines broker and not retained by the surplus lines broker; and

(iii) the cost of the inspection is documented and verifiable.

(6) Regardless of the number of insurers participating on a risk:

(i) only one inspection fee may be charged to recoup the actual cost of an inspection under paragraph (4) or (5) of this subsection for each policy or certificate of coverage; and

(ii) only one policy fee may be charged under paragraph (1) or (2) of this subsection for each policy or certificate of coverage.

(7) On a form approved by the Commissioner, the surplus lines broker shall:

(i) make a clear and conspicuous written disclosure of:

1. any inspection fee;
2. the total amount of the policy fee;
3. the premium tax on the policy;
4. any financial interest in the person performing the inspection, if applicable; and
5. whether the surplus lines broker will receive compensation from the person that performs the inspection; and

(ii) notify the prospective insured of the option to obtain the inspection from another person who meets the requirements of or is approved by the surplus lines insurer.

(e) (1) (i) In this subsection, “accident history report” means a report that details an individual’s accident history.

(ii) “Accident history report” includes a comprehensive loss underwriting exchange automobile report (CLUE report).

(iii) “Accident history report” does not include a report that details an individual’s credit standing or history.

(2) (i) The Maryland Automobile Insurance Fund may sponsor a fund producer or premium finance company registered under Title 23 of this article for the purpose of obtaining accident history reports directly from a person that provides accident history reports.

(ii) When placing automobile insurance through the Fund, a fund producer or premium finance company sponsored by the Fund under this paragraph may obtain accident history reports directly from a person that provides accident history reports.

(3) Unless provided otherwise by the Fund, a person that provides accident history reports to a fund producer or premium finance company sponsored by the Fund under paragraph (2) of this subsection shall direct all billing for the reports to the fund producer or premium finance company.

(4) Subsection (b)(1) of this section does not prohibit a fund producer or premium finance company from charging and collecting actual expenses that are imposed by a person for providing accident history reports under this subsection in connection with the placement of automobile insurance through the Fund.

(f) In addition to any other sanction otherwise applicable, a person that violates subsection (b)(1) of this section with regard to a bail bond is subject to a penalty not exceeding \$5,000 for each violation.

MARYLAND REGULATIONS ON INSURANCE **PREMIUM**

COMAR 31.08.03

.10 Record Retention Requirements.

A. Length of Retention. An insurer that provides a notice of cancellation, nonrenewal, premium increase, or reduction in coverage pursuant to Insurance Article, §§27-613 or 27-614, Annotated Code of Maryland, and this chapter, shall retain a copy of the notice and certificate of mailing for at least 3 years from the effective date of the notice.

B. Form of Records. An insurer may maintain a copy of a notice and certificate of mailing required to be retained by §A of this regulation in paper, photographic, microprocessed, magnetic, mechanical, electronic, digital, or any other medium, if the copy of the notice and certificate of mailing are maintained in a manner that:

- (1) Is clear and legible;
- (2) Accurately reproduces the original document in its entirety, including any attachments to the document;
- (3) Is capable of producing a clear and legible hard copy of the original document; and
- (4) Preserves evidence of any signature contained on the document.