

HOUSE BILL 849

C4, C3, P1

0lr2653

By: **Delegates Rogers, Bagnall, Bartlett, Charkoudian, Crosby, D.E. Davis, Dumais, Fennell, Holmes, Lehman, Pena–Melnyk, Qi, Queen, Turner, Valderrama, Walker, Washington, and Wilson**

Introduced and read first time: February 3, 2020

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Rate Effectiveness and People’s Insurance Counsel Division**

3 FOR the purpose of prohibiting certain rates from taking effect without prior approval from
4 the Maryland Insurance Commissioner; altering the definition of “insurer” for the
5 purposes of certain provisions of law governing the People’s Insurance Counsel to
6 include property and casualty insurers; requiring the Commissioner to collect a
7 certain annual assessment from each property and casualty insurer; requiring the
8 People’s Insurance Counsel Division to evaluate each property and casualty
9 insurance matter pending before the Commissioner for a certain purpose; requiring
10 the Division to review certain rate increases filed with the Commissioner by a
11 property and casualty insurer; defining a certain term; making conforming and
12 stylistic changes; and generally relating to insurance.

13 BY repealing and reenacting, with amendments,
14 Article – Insurance
15 Section 11–206(f) and (g)(1)(i)
16 Annotated Code of Maryland
17 (2017 Replacement Volume and 2019 Supplement)

18 BY repealing and reenacting, with amendments,
19 Article – State Government
20 Section 6–301, 6–304(a) and (b), and 6–306
21 Annotated Code of Maryland
22 (2014 Replacement Volume and 2019 Supplement)

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

25 **Article – Insurance**

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 11-206.

2 (f) **(1)** The Commissioner shall review each filing as soon as reasonably
3 possible after it is made to determine whether it meets the requirements of this subtitle.

4 **(2) A RATE INCLUDED IN A FILING MAY NOT TAKE EFFECT WITHOUT**
5 **THE PRIOR APPROVAL OF THE COMMISSIONER.**

6 (g) (1) (i) [Except] **SUBJECT TO SUBSECTION (F)(2) OF THIS SECTION**
7 **AND EXCEPT** as provided in subsections (h) and (i) of this section, a filing may not take
8 effect until 30 working days after it is filed with the Commissioner.

9 **Article – State Government**

10 6-301.

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

12 (b) “Commissioner” means the Maryland Insurance Commissioner.

13 (c) “Division” means the People’s Insurance Counsel Division in the Office of the
14 Attorney General.

15 (d) “Health care provider” has the meaning stated in § 3-2A-01 of the Courts
16 Article.

17 (e) “Homeowner’s insurer” means an insurer that issues or delivers a policy or
18 contract of homeowner’s insurance in the State.

19 (f) “Insurance consumers” means persons insured under policies or contracts of
20 medical professional liability insurance, and homeowner’s insurance issued or delivered in
21 the State by a medical professional liability insurer or a homeowner’s insurer.

22 (g) **(1)** “Insurer” means a medical professional liability insurer or a
23 homeowner’s insurer authorized to engage in the insurance business in the State under a
24 certificate of authority issued by the Commissioner.

25 **(2) “INSURER” INCLUDES A PROPERTY AND CASUALTY INSURER.**

26 (h) “Medical injury” has the meaning stated in § 3-2A-01 of the Courts Article.

27 (i) “Medical professional liability insurer” means an insurer that issues or
28 delivers a policy in the State that insures a health care provider against damages due to
29 medical injury.

(j) “Premium” has the meaning stated in § 1–101 of the Insurance Article to the extent it is allocable to this State.

(K) (1) **“PROPERTY AND CASUALTY INSURER” MEANS AN INSURER THAT HOLDS A CERTIFICATE OF AUTHORITY, ISSUED BY THE COMMISSIONER, TO ENGAGE IN THE BUSINESS OF PROPERTY AND CASUALTY INSURANCE.**

(2) **“PROPERTY AND CASUALTY INSURER” INCLUDES THE MARYLAND AUTOMOBILE INSURANCE FUND.**

6–304.

(a) The Commissioner shall:

(1) collect an annual assessment from each medical professional liability insurer [and], homeowner’s insurer, **AND PROPERTY AND CASUALTY INSURER** for the costs and expenses incurred by the Division in carrying out its duties under this subtitle; and

(2) deposit the amounts collected into the People’s Insurance Counsel Fund established under § 6–305 of this subtitle.

(b) The assessment payable by a medical professional liability insurer [or], homeowner’s insurer, **OR PROPERTY AND CASUALTY INSURER** is the product of the fraction obtained by dividing the gross direct premium written by the medical professional liability insurer [or], homeowner’s insurer, **OR PROPERTY AND CASUALTY INSURER** in the [prior] **IMMEDIATELY PRECEDING** calendar year by the total amount of gross direct premium written by all medical professional liability insurers [or], homeowner’s insurers, **OR PROPERTY AND CASUALTY INSURERS** in the [prior] **IMMEDIATELY PRECEDING** calendar year, multiplied by the amount of the total costs and expenses under subsection (a)(1) of this section.

6–306.

(a) (1) The Division shall evaluate each medical professional liability insurance [and], homeowner’s insurance, **AND PROPERTY AND CASUALTY INSURANCE** matter pending before the Commissioner to determine whether the interests of insurance consumers are affected.

(2) If the Division determines that the interests of insurance consumers are affected, the Division may appear before the Commissioner and courts on behalf of insurance consumers in each matter or proceeding over which the Commissioner has original jurisdiction.

(b) (1) The Division shall review any rate increase of 10% or more filed with the Commissioner by a medical professional liability insurer [or], homeowner’s insurer, **OR**

1 **PROPERTY AND CASUALTY INSURER.**

2 (2) If the Division finds that the rate increase is excessive, inadequate, or
3 unfairly discriminatory, the Division shall appear before the Commissioner on behalf of
4 insurance consumers in any hearing on the rate filing.

5 (c) As the Division considers necessary, the Division shall conduct investigations
6 and request the Commissioner to initiate an action or proceeding to protect the interests of
7 insurance consumers.

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