

SENATE BILL 876

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8lr2915
CF HB 1127

By: **Senator Middleton**

Introduced and read first time: February 5, 2018

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 2, 2018

CHAPTER _____

1 AN ACT concerning

2 **Insurance – Commercial Lines – Exemptions From Filings**

3 FOR the purpose of providing that certain requirements to the Maryland Insurance
4 Commissioner for filing with the Commissioner certain rates and supplementary
5 rate information and for modifications of rates and supplementary rate information
6 do not apply to exempt commercial policyholders; ~~repeals~~ repealing the requirement
7 that a certain commercial policyholder has to certify in a certain manner to the
8 Commissioner that it meets certain criteria for a certain exemption; altering the
9 definition of “exempt commercial policyholder”; and generally relating to exemptions
10 from rate and form filings for commercial insurance lines.

11 BY repealing and reenacting, with amendments,
12 Article – Insurance
13 Section 11–206
14 Annotated Code of Maryland
15 (2017 Replacement Volume)

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

18 **Article – Insurance**

19 11–206.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) (1) Except as otherwise provided in this section, each insurer shall file with
2 the Commissioner all rates, supplementary rate information, policy forms, and
3 endorsements and all modifications of rates, supplementary rate information, policy forms,
4 and endorsements that the insurer proposes to use.

5 (2) Each filing shall state its proposed effective date and shall indicate the
6 character and extent of the coverage contemplated.

7 (b) (1) (i) If a filing is not accompanied by the information on which the
8 insurer supports the filing and the Commissioner does not have sufficient information to
9 determine whether the filing meets the requirements of this subtitle, the Commissioner
10 shall require the insurer to provide supporting information for the filing within 60 days.

11 (ii) If the Commissioner requires the filer to provide supporting
12 information, the waiting period under subsection (g) of this section begins on the date the
13 supporting information is provided.

14 (2) The information provided in support of a filing may include:

15 (i) the judgment of the filer;

16 (ii) the filer's interpretation of any statistical data relied on;

17 (iii) the experience of other filers; and

18 (iv) any other relevant factors.

19 (c) Each filing shall include the experience of the filer.

20 (d) A filing and any supporting information shall be open to public inspection as
21 soon as filed.

22 (e) An insurer may satisfy its obligation to make filings by:

23 (1) being a member of or subscriber to a licensed rating organization that
24 makes filings; and

25 (2) authorizing the Commissioner to accept filings on its behalf from the
26 rating organization.

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

29 (g) (1) (i) Except as provided in subsections (h) and (i) of this section, a
30 filing may not take effect until 30 working days after it is filed with the Commissioner.

1 (ii) By written notice to the filer during the initial 30-day waiting
2 period that the Commissioner needs additional time for consideration of the filing, the
3 Commissioner may extend the waiting period for an additional period not exceeding 30
4 working days.

5 (2) On written application by the filer, the Commissioner may authorize a
6 filing that the Commissioner has reviewed to become effective before the expiration of the
7 waiting period or any extension of the waiting period or at a later date.

8 (3) A filing is deemed approved unless disapproved by the Commissioner
9 during the waiting period or any extension of the waiting period.

10 (4) A filing may be withdrawn or amended by the filer at any time before
11 approval.

12 (5) After approval or disapproval of a filing, the withdrawal or amendment
13 of the filing is subject to the approval of the Commissioner in accordance with this section.

14 (h) (1) Inland marine risks that by general custom of the business are not
15 written according to manual rates or rating plans need not be filed.

16 (2) Notwithstanding paragraph (1) of this subsection, specific inland
17 marine rates on risks specially rated by a rating organization shall be filed, become effective
18 when filed, and remain effective until the Commissioner finds the filing does not meet the
19 requirements of this subtitle.

20 (i) A special filing with respect to a surety or guarantee bond required by law, by
21 court, by executive order, or by order, rule, or regulation of a public body, not covered by a
22 previous filing shall become effective when filed and remain effective until the
23 Commissioner finds that the filing does not meet the requirements of this subtitle.

24 (j) (1) In this subsection, "exempt commercial policyholder" means a person
25 that:

26 (i) pays annual aggregate property and casualty premiums for
27 commercial insurance policies issued in the State during the current or preceding calendar
28 year of \$25,000 or more; and

29 (ii) meets any two of the following criteria:

30 1. generates annual revenues or sales in excess of
31 ~~[\$10,000,000]~~ **\$5,000,000**;

32 2. possesses a net worth in excess of ~~[\$5,000,000]~~
33 **\$2,500,000**;

34 3. employs at least 25 full-time employees;

1 4. is a nonprofit organization or public body with an annual
2 budget of at least [\$10,000,000] **\$5,000,000**; or

3 5. is a municipal corporation with a population of at least
4 15,000.

5 (2) The filing requirements of this section do not apply to **RATES,**
6 **SUPPLEMENTARY RATE INFORMATION,** policy forms, and endorsements and to
7 modifications of **RATES, SUPPLEMENTARY RATE INFORMATION,** policy forms, and
8 endorsements issued to an exempt commercial policyholder.

9 (3) (i) An exempt commercial policyholder must certify in writing, on a
10 form approved by the Commissioner, to the insurer issuing coverage [and the
11 Commissioner] that it meets the criteria necessary for exemption from **RATE AND** form
12 filing requirements.

13 (ii) The certification must include:

14 1. specific reference to the optional criteria that the insured
15 has satisfied to qualify as an exempt commercial policyholder;

16 2. information required by the Commissioner for the purpose
17 of determining the annual aggregate premiums of the insured for purposes of paragraph
18 (1)(i) of this subsection; and

19 3. an acknowledgment by the insured that the **RATE,**
20 **SUPPLEMENTARY RATE INFORMATION,** policy form, endorsement, or modification
21 intended for use has not been filed with the Commissioner.

22 (4) This subsection does not apply to the filing of workers' compensation
23 insurance **RATE AND** policy forms.

24 (5) The Commissioner may require, by regulation, that insurers provide
25 information to the Administration on the number and types of policies written for exempt
26 commercial policyholders under this subsection.

27 (6) On written request of the Commissioner, an insurer shall file with the
28 Commissioner a form or endorsement issued to an exempt commercial policyholder.

29 (7) Except for the exemption from **RATE AND** form filing requirements
30 under this section, a **RATE, SUPPLEMENTARY RATE INFORMATION,** form, or
31 endorsement issued to an exempt commercial policyholder is subject to all applicable
32 provisions of this article.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
2 October 1, 2018.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.