

Department of Legislative Services  
Maryland General Assembly  
2020 Session

**FISCAL AND POLICY NOTE**  
**Third Reader - Revised**

Senate Bill 97

(Chair, Finance Committee)(By Request - Departmental -  
Maryland Insurance Administration)

Finance

Economic Matters

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**Private Passenger Motor Vehicle Liability Insurance - Protests - Consumer  
Complaint Portal**

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This departmental bill allows a consumer of private passenger motor vehicle liability insurance to file electronic protests of certain insurer actions with the Maryland Insurance Administration (MIA) through MIA's website. The bill also reduces from two to one the number of copies of a notice of proposed cancellation or nonrenewal of a policy or a reduction in coverage under a policy that a consumer must send to MIA if a consumer elects to file a protest by mail.

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**Fiscal Summary**

**State Effect:** MIA can handle the bill's requirements using existing budgeted resources. Revenues are not affected.

**Local Effect:** The bill does not directly affect local governmental operations or finances.

**Small Business Effect:** MIA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

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**Analysis**

**Bill Summary/Current Law:**

*Cancellation, Nonrenewal, or Reduction in Coverage*

A private passenger motor vehicle liability insurer may cancel or fail to renew a policy or binder or reduce coverage under a policy with specified exceptions. However, when an

insurer proposes to take one of these actions, the insurer must provide the insured with specified written notice, in triplicate and on a form approved by the Commissioner, at least 45 days before the proposed effective date of the action.

The insured generally has the right to protest the proposed action and request a hearing before the Commissioner. To do so, the insured must sign two copies of the notice sent by the insurer and send them to the Commissioner within 30 days after the mailing date of the notice. The Commissioner must then notify the insurer, follow specified procedures to review the protest, and issue an order. These provisions do not apply to the Maryland Automobile Insurance Fund. Under the bill, this protest may be submitted through MIA's consumer complaint portal.

### *Premium Increases*

A private passenger motor vehicle liability insurer may increase the total premium for a policy under certain circumstances. Doing so may take the form of a surcharge for the policy, a reclassification of the insured into a different pricing tier, or the removal or reduction of an existing discount on the policy. Generally, the insurer must notify an insured of any such increase in the total premium for the policy in a specified manner, including sending a written notice to the insured at least 45 days before the effective date of the increase.

If the insured believes that the premium increase is incorrect, the insured may protest the proposed action within 30 days after the mailing date of the notice. To do so, the insured must mail or transmit a copy of the notice to the Insurance Commissioner and include other specified information. Under the bill, this protest may be submitted through MIA's consumer complaint portal.

**Background:** MIA advises that it recently completed development of an Enterprise Complaint Tracking System (ECTS). ECTS is designed so that consumers may file protests and complaints electronically, as well as track the status and progress of their protests and complaints. The bill allows them to do so and simplifies the existing procedure for those who wish to continue to mail their protests.

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## **Additional Information**

**Prior Introductions:** None.

**Designated Cross File:** None.

**Information Source(s):** Maryland Insurance Administration; Department of Legislative Services

**Fiscal Note History:** First Reader - January 10, 2020  
an/jc Third Reader - March 11, 2020  
Revised - Amendment(s) - March 11, 2020

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Analysis by: Richard L. Duncan

Direct Inquiries to:  
(410) 946-5510  
(301) 970-5510

**ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES**

TITLE OF BILL: Insurance – **Electronic Automobile Protest Complaints – Technical Correction**

BILL NUMBER: SB 97

PREPARED BY:  
(Dept./Agency) Maryland Insurance Administration

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

  X   WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESS

OR

       WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND  
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

There is no fiscal impact on small businesses associated with this legislative proposal.