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By: **Delegates Vaughn and Love**

Introduced and read first time: January 23, 2006

Assigned to: Economic Matters

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Committee Report: Favorable

House action: Adopted

Read second time: February 28, 2006

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CHAPTER\_\_\_\_\_

1 AN ACT concerning

2 **Insurance - Prior Approval Rating Law - Exempt Commercial Policyholders**

3 FOR the purpose of altering the annual property and casualty insurance premium  
4 dollar amount threshold above which certain insurance policy forms and  
5 endorsements issued to certain commercial policyholders are exempt from  
6 certain form filing requirements under prior approval insurance rating law;  
7 altering a certain definition; and generally relating to prior approval insurance  
8 rating law.

9 BY repealing and reenacting, with amendments,  
10 Article - Insurance  
11 Section 11-206(j)  
12 Annotated Code of Maryland  
13 (2003 Replacement Volume and 2005 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 11-206.

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

20 (i) pays annual aggregate property and casualty premiums for  
21 commercial insurance policies issued in the State during the current or preceding  
22 calendar year of [\$75,000] \$25,000 or more; and

- 1 (ii) meets any two of the following criteria:
- 2 1. generates annual revenues or sales in excess of  
3 \$10,000,000;
- 4 2. possesses a net worth in excess of \$5,000,000;
- 5 3. employs at least 25 full-time employees;
- 6 4. is a nonprofit organization or public body with an annual  
7 budget of at least \$10,000,000; or
- 8 5. is a municipal corporation with a population of at least  
9 15,000.

10 (2) The filing requirements of this section do not apply to policy forms  
11 and endorsements and to modifications of policy forms and endorsements issued to an  
12 exempt commercial policyholder.

13 (3) (i) An exempt commercial policyholder must certify in writing, on a  
14 form approved by the Commissioner, to the insurer issuing coverage and the  
15 Commissioner that it meets the criteria necessary for exemption from form filing  
16 requirements.

- 17 (ii) The certification must include:
- 18 1. specific reference to the optional criteria that the insured  
19 has satisfied to qualify as an exempt commercial policyholder;
- 20 2. information required by the Commissioner for the purpose  
21 of determining the annual aggregate premiums of the insured for purposes of  
22 paragraph (1)(i) of this subsection; and
- 23 3. an acknowledgment by the insured that the policy form,  
24 endorsement, or modification intended for use has not been filed with the  
25 Commissioner.

26 (4) This subsection does not apply to the filing of workers' compensation  
27 insurance policy forms.

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

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

34 (7) Except for the exemption from form filing requirements under this  
35 section, a form or endorsement issued to an exempt commercial policyholder is subject  
36 to all applicable provisions of this article.

1 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
2 October 1, 2006.