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Bulletin 11-17

Date: July 29, 2011

To: All Property & Casualty Insurers

Re: Notice of Premium Increase

The purpose of this Bulletin is to remind all Property & Casualty insurers that §27-614 of the Insurance Article requires insurers to send a written notice of a premium increase to insureds at least forty-five (45) days prior to the effective date of the premium increase. A premium increase includes a surcharge; retiering or reclassification of an insured; or the removal or reduction of a discount.

COMAR 31.08.03.06 sets forth the specific circumstances when a premium increase notice does not need to be sent. If the increase is based on any factor other than one specifically set forth in this provision of COMAR, then a notice must be sent.

In cases where the insurer determines an insured's premium using multiple factors and one or more of the factors used is not identified in COMAR 31.08.03.06, *a notice of premium increase must be sent*. For example, if the insurer determines the premium based on a change in vehicle usage; addition of a driver; and an accident, then the insurer must send a notice since "an accident" is not on the list set forth in COMAR 31.08.03.06.

The notice of premium increase must be clear and specific and in compliance with §27-614(c) of the Insurance Article. *A general list of factors does not meet these requirements*. The notice must provide the premium for the current policy period, the premium for the renewal policy period and the basis for the action, including, at a minimum:

- 1. if the premium increase is due wholly or partly to an accident:
 - a. the name of the driver:
 - b. the date of the accident; and
 - c. if fault is a material factor for the insurer's action, a statement that the driver was at fault;
- 2. if the increase in premium is due wholly or partly to a violation of the Maryland vehicle law or the vehicle laws of another state or territory of the United States:
 - a. the name of the driver;

- b. the date of the violation; and
- c. a description of the violation;
- 3. if the premium increase is due wholly or partly to the claims history of an insured, a description of each claim; and
- 4. any other information that is the basis for the insurer's action.

If you have any questions regarding this Bulletin, please contact Joy Hatchette, Associate Commissioner, Consumer Education and Advocacy by telephone at (410) 468-2029 or by e-mail at jhatchette@mdinsurance.state.md.us.

Therese M. Goldsmith Commissioner

By: Signature on File

Joy Hatchette, Associate Commissioner Consumer Education & Advocacy