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Bulletin 16-08

Date: February 16, 2016

To: All Property & Casualty Insurers and Registered Premium Finance Companies

Re: Notice Requirements – Minimum Number of Days

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It has come to the Maryland Insurance Administration's attention that some insurers and premium finance companies may not be providing the minimum number of days' notice prescribed by statute before the insurer or premium finance company cancels, non-renews, increases the premium, or reduces coverage on a property and casualty insurance policy. The purpose of this Bulletin is to remind insurers and premium finance companies that when a statute specifies that an action may not be taken unless a minimum number of days' notice is first provided, the insurer or premium finance company must provide at least the full number of days specified in the statute for the notice to be compliant.

As a reminder, the date that a notice is delivered or mailed may not be included in the calculation used to determine when a notice needs to be delivered or mailed in order to comply with the statutory requirements.[1] The last day of the period of time computed shall be included in the calculation used to determine when a notice needs to be delivered or mailed in order to comply with the statutory requirements unless it is a Sunday or legal holiday, in which case the period runs until the end of the next day that is not a Sunday or legal holiday.[2]

The following examples are provided to demonstrate the correct application of the statutory requirements:

1. *A premium finance company issues (either via electronic delivery or via mail) a Notice of Intent to Cancel pursuant to §23-402(a) of the Insurance Article[3] on June 1, 2015, indicating the policy would be cancelled effective June 11, 2015 at 12:01 A.M. This company is not in compliance, as it has only provided nine (9) days' notice of the policy's cancellation and not the minimum of ten (10) days required by the statute. To be compliant with the statute, cancellation could not occur until June 12, 2015 at 12:01 A.M., in order for the policyholder to be given the full ten (10) days to correct the non-payment deficiency.*

2. *An insurer issues (either via electronic delivery or via mail) a Notice of Cancellation for Nonpayment of Premium for a private passenger automobile policy pursuant to §27-*

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[1] See MD Code, General Provisions, § 1-302(a).
[2] See MD Code, General Provisions, § 1-302(b)(1).
[3] Insurance Article §23-402(a), Annotated Code of Maryland, provides that:
(a) At least 10 days before canceling an insurance contract, a premium finance company shall deliver or mail to the insured written notice of intent to cancel the insurance contract unless the defaulted installment payment is received within the 10–day notice period.

613(d) of the Insurance Article[4] on July 1, 2015, indicating the policy would be cancelled effective July 10, 2015, at 12:01 A.M. This company is not in compliance, as it has only provided nine (9) days' notice of the policy's cancellation and not the minimum of ten (10) days required by the statute. To be compliant with the statute, cancellation could not occur until July 13, 2015 at 12:01 A.M., in order for the policyholder to be given the full ten (10) days to correct the non-payment deficiency. Note that July 12, 2015 was a Sunday.

Any questions regarding this Bulletin should be addressed to Victoria August, Associate Commissioner, Compliance and Enforcement at: victoria.august@maryland.gov or 410-468-2217.

Alfred W. Redmer, Jr.
Commissioner

signature on original

By: _____

Victoria August, Associate Commissioner
Compliance and Enforcement

[4] Insurance Article §27-613(d), Annotated Code of Maryland, provides that:
(d) At least 10 days before the date an insurer proposes to cancel a policy for nonpayment of premium, the insurer shall send to the insured, by a first–class mail tracking method, a written notice of intention to cancel for nonpayment of premium.