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Revised Bulletin 16-12

Date: April 18, 2016

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

Re: Notice Requirements – Minimum Number of Days

Bulletin 16-08 is hereby amended to provide further statutory context for the MIA's position on this issue and to provide corrections and clarity in the examples provided.

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. 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. See § 1-302(a) of the General Provisions Article, setting forth how to compute a period of time.

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 Article¹ on June 1, 2015, indicating the policy would be cancelled effective June 11, 2015 at 12:01 A.M. Day 1 of the notice period is June 2, 2015, and day 10 is June 11, 2015, a Thursday. Section 23-403(a)² provides that cancellation may occur after the notice period has run. This premium finance company is not in compliance, as it has attempted cancellation on the 10th day and has not let the notice period run. To be compliant with the statute, cancellation could not occur until June 12, 2015 at 12:01 A.M., at the earliest.*

¹ 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.

² Insurance Article, §23-403(a), Annotated Code of Maryland, provides that a premium finance company may cancel the insurance contract only *after the end of the notice period* required under Insurance Article, §23-402, Annotated Code of Maryland. (Emphasis added.)

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 §27-613(d) of the Insurance Article³ on July 1, 2015, indicating the policy would be cancelled effective July 10, 2015, at 12:01 A.M. Day 1 is July 2, 2015 and day 10 is July 11, 2015, a Saturday. This company is not in compliance because §27-613(d) requires that at least a 10 day period precede the date of cancellation. To be compliant with the statute, cancellation could not occur in this example until July 12, 2015, a Sunday, at 12:01 A.M.*

An insurer that wants cancellation to take place on July 10, 2015, at 12:01 a.m., is required to provide at least 10 days' notice before the date of cancellation, July 10, 2015. Thus, the written notice must be sent no later than June 29, 2015. In this example, Day 1 is June 30, 2015 and day 10 is July 9, 2015, a Thursday.

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

³ Insurance Article §27-613(d), Annotated Code of Maryland, provides that:

(d) At least 10 days *before the date* [emphasis added] 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.