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BULLETIN 02-7

TO: Property and Casualty Insurance Companies
RE: Disclosure of Practice of Considering Claims History
DATE: April 1, 2002

Under §27-501(n)(2) of the Insurance Article, an insurer that considers claims history for purposes of canceling or refusing to renew coverage is required to disclose this practice to an insured at the inception and at each renewal of a policy. Since March, 2000, the Maryland Insurance Administration has had in place regulations to implement this disclosure requirement. Specifically, COMAR 31.15.10.04D requires a disclosure notice that is provided to an insured at renewal to be “in a conspicuous location on the notice of renewal premium required by Insurance Article, §27-607, Annotated Code of Maryland.” Other parts of the regulation establish the required language and typesize of the notice.

It has come to the attention of the Maryland Insurance Administration that some insurers are not complying with the requirement that the disclosure notice provided to an insured at renewal be in a conspicuous location on the notice of renewal premium. The purpose of this bulletin is to reiterate that insurers must comply with this requirement. It is not sufficient to place the disclosure notice on the declarations page or another document, nor is it sufficient to include the disclosure notice in the mailing as an insert.

The Maryland Insurance Commissioner recently issued an order, in the case of *Duplinsky v. Nationwide Mutual Fire Insurance Company* (MIA No.: 366 – 7/01), that addresses the sufficiency of a disclosure notice. The order will be made available on the Maryland Insurance Administration's web site at www.mdinsurance.state.md.us.

If you have any questions regarding this bulletin, please contact Gary L. Alexander, Assistant Attorney General, at 410-468-2017 or Geoff Cabin, Staff Attorney, at 410-468-2011.

Steven B. Larsen
Insurance Commissioner