

## **BULLETIN 00-21**

**To: All Property & Casualty Insurance Companies  
All Property & Casualty Insurance Agents**

**Re: HB 818 – Exempt Commercial Policyholders**

**Date: October 5, 2000**

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The 1999 Maryland legislature enacted HB 818 which exempts insurers from the form filing requirements under Section 11-206 of the Insurance Article provided the applicant/policyholder falls within the definition of “Exempt Commercial Policyholder” as set forth within the statute. In order to take advantage of this exemption from form filing requirements, the insurer must obtain a written certification that its applicant/policyholder meets all the criteria necessary to qualify as an Exempt Commercial Policyholder as set forth under Section 11-206 (J) of the Insurance Article. This new law went into effect on October 1, 2000.

The Maryland Insurance Administration (“MIA”) offers the following advice and guidance to agents, brokers and insurers that wish to take advantage of this new legislation:

1. HB 818 places the responsibility for certification of eligibility as an Exempt Commercial Policyholder solely upon the applicant/policyholder. Before an insurer issues non-filed policies or endorsements to an Exempt Commercial Policyholder, the applicant/policyholder must properly certify to the insurer in writing that it meets the criteria necessary for exemption from form filing requirements.
2. The form used for certification of eligibility by an applicant/ policyholder must be filed with and approved by the MIA before it can be used by an insurer. A sample certification form is attached to this Bulletin and will be approved by the MIA if properly filed by the insurer.
3. In the event that an Exempt Commercial Policyholder has insurance policies with multiple insurers, a properly signed certification of eligibility form shall be maintained by each insurer that issues insurance coverage to the policyholder under non-filed forms.
4. Insurers are responsible for maintaining either the original signed certification of eligibility or a copy of that form. This certification of eligibility form should be maintained by the insurer for a period of three (3) years from the expiration of the particular policy.
5. Agents or brokers will not be required to maintain a copy of the signed certification of eligibility but may elect to do so at their option.

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6. The signed certification of eligibility should not be submitted to the MIA unless the MIA specifically requests submission of such form in writing.
7. Exempt Commercial Policyholders are required to assert on the certification of the eligibility that annual aggregate property and casualty premiums for all commercial insurance policies issued to the policyholder in the state of Maryland during the current calendar year or preceding calendar year equals or exceeds \$75,000.
8. The relevant statutory definitions for property and casualty insurance are found in §1-101(k) and (ee) of the Maryland Insurance Article.
9. Workers' Compensation policy forms remain subject to prior approval with no change in filing requirements.
10. Recertifications of eligibility are required annually to assure that the policyholder continues to meet the eligibility requirements for an Exempt Commercial Policy under Section 11-206(J) of the Insurance Article.
11. Recertifications of eligibility are required whenever an applicant/policyholder changes insurers.
12. The MIA, during a market conduct examination, may review all insurance policy forms issued and delivered to Exempt Commercial Policyholders by an insurer to determine compliance with applicable Maryland statutes and regulations.
13. The MIA, upon written request to an insurer, may require the insurer to file any forms or endorsements issued to an Exempt Commercial Policyholder.
14. Insurers must comply with all other applicable Maryland laws and regulations in the issuance and delivery of insurance policies to Exempt Commercial Policyholders. Failure to properly comply will result in appropriate regulatory action by the MIA.

If you have any questions about this Bulletin, contact Dave Diehl, Chief Administrator, by telephone at (410) 468-2320 or by E-mail at [ddiehl@mia.state.md.us](mailto:ddiehl@mia.state.md.us)

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Robert J. Becker  
Associate Commissioner

**CERTIFICATION AS AN EXEMPT  
COMMERCIAL POLICYHOLDER**

Maryland Insurance Article §11-206 permits certain commercial policyholders to certify that the policyholder meets the criteria required to qualify as an Exempt Commercial Policyholder. Certification as an Exempt Commercial Policyholder permits the policyholder to purchase insurance policies that contain forms and endorsements that have not been filed with and approved by the Maryland Insurance Administration.

In order to qualify as an Exempt Commercial Policyholder, you must meet the following criteria:

**I. Total premium for current calendar year or preceding calendar year must be \$75,000 or greater;**

Are your Commercial Property and Casualty Premiums for Policies Issued in Maryland \$75,000.00 or greater? Yes  No

**II. And any two of the following (check all that apply):**

- Generates annual revenues or sales in excess of \$10,000,000.
- Possesses a net worth in excess of \$5,000,000.
- Employs at least 25 full-time employees.
- Is a nonprofit organization or public body with an annual budget of at least \$10,000,000.
- Is a municipal corporation with a population of at least 15,000.

The undersigned commercial insurance policyholder acknowledges that the policy I am receiving from \_\_\_\_\_ (Name of Insurance Company) may contain forms and/or endorsements that have not been filed with and approved by the Maryland Insurance Administration.

\_\_\_\_\_  
Signature of Authorized Representative      Date

\_\_\_\_\_  
Name and Title of Authorized Representative

\_\_\_\_\_  
Name of Commercial Insured