

LARRY HOGAN
Governor

BOYD K. RUTHERFORD
Lt. Governor



Maryland

INSURANCE ADMINISTRATION

200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202

Direct Dial: 410-468-2113 Fax: 410-468-2245

Email: erica.bailey@maryland.gov

1-800-492-6116 TTY: 1-800-735-2258

www.insurance.maryland.gov

KATHLEEN A. BIRRANE
Commissioner

GREGORY M. DERWART
Deputy Commissioner

ROBERT BARON
Associate Commissioner
Property & Casualty Division

BULLETIN 21-26

DATE: October 14, 2021

TO: All Property and Casualty Insurers, the Joint Insurance Association and the Maryland Automobile Insurance Fund

RE: Use of credit in homeowners and private passenger motor vehicle insurance

This Bulletin is to remind insurers that write homeowners and/or private passenger motor vehicle insurance in Maryland of the existing laws and regulations concerning the use of credit for underwriting and rating purposes.

HOMEOWNERS INSURANCE

The use of credit as an underwriting consideration or rating factor is prohibited in homeowners insurance. *See* Md. Code Ann., Ins. Art. § 27-501, (e-2) (1) and (2). This total prohibition of the use of credit includes prohibiting the use of mortgage-related information and the insured's premium payment history, both of which are factors that have bearing on a consumer's creditworthiness, credit standing or credit capacity. The use of mortgage-related information and/or premium payment history is prohibited even if such information is provided to the insurer directly from the insured or is obtained entirely from the insurer's own data. Pursuant to COMAR 31.15.11.03, a consumer reporting agency includes an insurer.

PRIVATE PASSENGER MOTOR VEHICLE INSURANCE

An insurer may not refuse to underwrite, cancel, refuse to renew, increase the renewal policy premium or require a particular payment plan based in whole or in part on credit. *See* Md. Code Ann., Ins. Art. § 27-501 (e-2) (3). Subject to the restrictions found in § 27-501, (e-2) (4) and (5) of the Insurance Article, an insurer may use credit to rate a new policy of private passenger motor vehicle insurance. The use of credit, other than for rating of a new policy is prohibited. This includes a prohibition of the use of loan or lienholder-related information, which are factors that have bearing on a consumer's creditworthiness, credit standing or credit capacity, even if the information is provided to the insurer directly from the insured or is obtained entirely from the insurer's own data. An insurer may not use the policy's history of premium payment in

determining the renewal premium. Again, pursuant to COMAR 31.15.11.03, a consumer reporting agency includes an insurer. Additionally, an insurer that utilizes credit to determine the premium for a new policy must review credit every two years, or sooner at the insured's request, and adjust the premium to reflect any improvement in the insured's credit. *See* § 27-501 (e-2) (4) (iv).

In the event your underwriting/rating program is utilizing credit in any manner other than as allowed by Maryland insurance law, please contact the Associate Commissioner for Property & Casualty, Robert Baron (Robert.Baron@Maryland.gov / 410.468.2353) promptly so we may discuss the necessary steps to bring your program into compliance. If you have any questions concerning this Bulletin, please contact Associate Commissioner Baron.

Please contact Associate Commissioner for Property & Casualty, Robert Baron, if you have any questions concerning this Bulletin (Robert.Baron@Maryland.gov / 410.468.2353).

KATHLEEN A. BIRRANE
Commissioner

By: Signature on original

Robert Baron,
Associate Commissioner
Property and Casualty Division