HARFORD MUTUAL
INSURANCE GROUP

July 10, 2024

Mary M. Kwei
Associate Commissioner
Market Regulation & Professional Licensing
mary.kwei@maryland.gov

RE: *Proposed bulletin dated 7/8/2024: Permissible Application of Underwriting Standards When Deciding Whether to Cancel, or Refuse to Underwrite or Renew a Risk*

Dear Ms. Kwei:

As requested, after review of the July 8, 2024, proposed bulletin, below are our comments:

By way of background, please note that Harford Mutual Insurance Group including its affiliated entities is a commercial lines carrier. For this reason, there are multiple issues with this position relative to Commercial Lines. First, we are a member company of ISO which files loss costs on our behalf for a broad range of class codes. As an example, just focusing on General Liability there are approximately 1,286 class codes for which ISO will file loss costs. Out of those 1,286 class codes we have 686 classes (over half, 53%) designated as DECLINE classes. Further, 290 of these class codes are Treaty Reinsurance EXCLUSIONS. So just because ISO files a loss cost/rate on our behalf doesn't mean we have any intentions of writing the risk or the underwriting and servicing expertise to properly write and service these types of risks. Examples include:

- Aircraft or Aircraft Parts Mfg.
- Anhydrous Ammonia Dealers and Distributors
- Caisson or Cofferdam Work - foundations for buildings
- Chemical Mfg. - commercial or industrial - toxic, flammable, explosive or reactive
- Fire Departments – volunteer
- Mining

Further, even if a particular class code is a class of business, we are willing to consider, there are numerous risk characteristics that are addressed in our underwriting guidelines that we use to decline accounts. These risk characteristics are not specifically addressed in our rating plans, but rather in our underwriting guidelines. An example is a Plastics Manufacturer without an adequate Automatic Sprinkler System.

It appears that the intent of the MIA Bulletin is aimed at Personal Lines carriers and is designed to address homogenous PL risks and to eliminate discriminatory practices. However, as written the MIA Bulletin appears inappropriate for more complex commercial lines risks where the mere presence of a filed rate does not equate to acceptability of a given risk. Given the facts set forth above, it appears

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appropriate to delineate that commercial lines carriers be exempt from the above so as to allow for the custom variations outlined above.

Should you have any questions, please do not hesitate to contact me at legal@hm1842.com

Sincerely,

Geneau M. Thames
VP, General Counsel & Secretary