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BULLETIN 08-12

To: All Property & Casualty Insurance Companies, All Property & Casualty Producers, and All Interested Parties

Re: Exempt Commercial Policyholders

Date: May 22, 2008

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In October of 2006, the Maryland General Assembly amended the law regarding exempt commercial policyholders as set forth in §11-206(j) of the Insurance Article. Qualifying as an "Exempt Commercial Policyholder" grants a business more freedom when negotiating the business' insurance coverage with its insurer(s). The change made by the General Assembly to the statute makes it easier for businesses to meet the definition of and to qualify as an "exempt commercial policyholder". Specifically, the statutory change lowered the amount of the annual aggregate property and casualty premiums businesses pay for their commercial insurance policies issued in the State during the current or preceding calendar year from \$75,000 to \$25,000 in order to qualify as and Exempt Commercial Policyholder. However, the other requirements of the statute needed to qualify remain unchanged. Businesses interested in qualifying as Exempt Commercial Policyholders should review §11-206(j) of the Insurance Article for the other eligibility requirements.

As a result of this legislative change, the form used for certification of eligibility as an Exempt Commercial Policyholder has been revised to reflect the lower annual aggregate property and casualty premium amount. Please see attached form CECP (rev. 05.2008). Any business seeking to take advantage of its qualification as an Exempt Commercial Policyholder needs to file this form with the Administration.

The other requirements of the statute remain in place and must be met.

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@mdinsurance.state.md.us.

Ralph S. Tyler, Insurance Commissioner

By: _____
P. Randi Johnson, Associate Commissioner
Property & Casualty

CERTIFICATION AS AN EXEMPT COMMERCIAL POLICYHOLDER

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

Pursuant to §11-206(j)(3), those insureds believing themselves to fit the definition of an Exempt Commercial Policyholder must complete this form and certify it meets the following criteria as set forth in Section I **and** II:

I. Total premium for current calendar year or preceding calendar year must be \$25,000 or greater;

Are your Commercial Property and Casualty Premiums for Policies Issued in Maryland \$25,000.00 or greater?

Yes _____ No _____

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

- _____ Generates annual revenues or sales in excess of \$10,000,000.00;
- _____ Possesses a net worth in excess of \$5,000,000.00;
- _____ Employs at least 25 full-time employees;
- _____ Is a nonprofit organization or public body with an annual budget of at least \$10,000,000.00; or
- _____ 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

Printed Name and Title of Authorized Representative

Name of Commercial Insured