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BULLETIN – 03-6

TO: All Property and Casualty Insurers
RE: Notice of Premium Increase of 20% or More
DATE: May 23, 2003

The purpose of this bulletin is to clarify the requirements regarding notice of an increase in premium of 20% or more. Section 27-604(b) of the Insurance Article states that:

Whenever an insurer intends to increase a premium for a particular policy written in the State by 20% or more, the insurer shall notify the insured and insurance producer of the increase.

On July 1, 1987, the Insurance Division issued Bulletin No. 1987-2, which provided the Insurance Division's interpretation of §27-604 of the Insurance Article (then codified as Article 48A, §240A(d)). Bulletin No. 1987-2 limited the notice requirement to increases in premium of 20% or more over and above any premiums resulting from: (1) an increase in the units of exposure; or (2) an experience rating or retrospective rating plan. Bulletin No. 1987-2 also stated that, if an insurer cannot determine the exact amount of a premium increase, the insurer may send a reasonable estimate or range of premium.

Effective immediately, Bulletin No. 1987-2 is withdrawn in its entirety. With respect to an increase in premium of 20% or more, insurers must comply with §27-604 of the Insurance Article, Bulletin No. 02-8, and any other applicable statutes, regulations and bulletins.

If you have any questions regarding this bulletin, please contact Sandee Castagna at 410-468-2341 or by e-mail at scastagna@mdinsurance.state.md.us.

Thomas P. Raimondi
Associate Deputy Commissioner