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Bulletin 16-33

Date: November 22, 2016

To: All Property & Casualty Insurers

**Re: Notice of Expiring and Renewal Premiums Requirements for Policies of Personal Insurance
- §27-607 and COMAR 31.08.16**

This Bulletin has been amended to clarify the calculation of the dollar amounts required by notices mandated under COMAR 31.08.16. This Bulletin supersedes and replaces Bulletin 16-22.

The Maryland Insurance Administration has determined through market conduct actions that clarification is needed as to the requirements of §27-607 and COMAR 31.08.16.

Section 27-607 and COMAR 31.08.16 apply to all policies of personal insurance as defined by §27-601¹ and insurance issued under the Maryland Property Insurance Availability Act or any similar act instituted to ensure the availability of property insurance. Please note that pursuant to §27-601, private passenger automobile liability insurance policies and surety insurance are exempt from the requirements of §27-607 and COMAR 31.08.16., but other products of personal insurance including, but not limited to homeowner's, watercraft, personal umbrella, and inland marine are subject to the requirements of the statute and regulation.

Notice of a policy's expiring and renewal premiums must be provided regardless of whether there is a premium increase, decrease, or no change in premium between the policy's expiring and renewal terms.

In instances in which there is a change in the amount of premium mid-term, be it an increase or decrease, due to any reason, including an amendment or an endorsement to the expiring policy period, COMAR

¹ Insurance Article, §27-601(c), Annotated Code of Maryland, provides that:

(1) "Personal insurance" means property insurance or casualty insurance issued to an individual, trust, estate, or similar entity that is intended to insure against loss arising principally from the personal, noncommercial activities of the insured.

(2) "Personal insurance" does not include:

- (i) motor vehicle liability insurance policies subject to § 27-613 of this subtitle;
- (ii) policies issued by the Maryland Automobile Insurance Fund;
- (iii) policies issued by the Joint Insurance Association; or
- (iv) surety insurance.

² COMAR 31.08.16.04, provides that:

A. At least 45 days prior to the renewal date of a policy subject to this chapter, an insurer shall send written notice to the named insured and the insurance producer of the policy.

B. The notice required under §A of this regulation:

- (1) Shall be clear and specific;
- (2) Shall state the dollar amount or amounts of the policy's expiring premium;
- (3) Shall state the dollar amount of the policy's renewal premium;
- (4) Shall be sent either by first class mail or delivered by electronic means pursuant to the requirements of Insurance Article, §27-601.2, Annotated Code of Maryland; and
- (5) May be sent together with the renewal policy and may be included on the declarations page of the renewal policy.

31.08.16.04² requires that the notice of the policy's expiring and renewal premiums include three (3) amounts as follows:

- 1). *the dollar amount of policy's premium at the beginning of the expiring policy period;*
- 2). *the dollar amount of policy's current premium at the time the notice is sent; and*
- 3). *the dollar amount of the policy's premium at renewal.*

The following example is provided to demonstrate the correct application of the requirements:

1. *A homeowner's insurance policy with an effective date of January 1, 2015, has an annual premium of \$500.00. An endorsement is made to the policy on October 1, 2015, causing the annual premium to increase to \$550.00. When the policy renews on January 1, 2016, the annual premium increases due to a general rate increase, creating an annual premium of \$600.00. The notice sent to the policyholder should contain the following premium amounts:*

Expiring Policy Premium (Beginning of Expiring Policy)	Expiring Policy Premium (At the time of the notice)	Renewal Premium
\$500	\$550	\$600

Please direct any questions regarding this Bulletin to Victoria August, Associate Commissioner, Compliance and Enforcement at: victoria.august@maryland.gov or 410-468-2217.

Alfred W. Redmer, Jr.
Commissioner

signature on original

By: _____

Victoria August, Associate Commissioner
Compliance and Enforcement