

## CHAPTER 655

(House Bill 1614)

AN ACT concerning

## Automobile Insurance - Premium Notices

FOR the purpose of providing that premium surcharge notices may be sent by certificate of mailing.

BY repealing and reenacting, with amendments,

Article 48A - Insurance Code

Section 240AA(b)

Annotated Code of Maryland

(1972 Replacement Volume and 1978 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That section(s) of the Annotated Code of Maryland be repealed, amended, or enacted to read as follows:

## Article 48A - Insurance Code

## 240AA.

(b) An insurer intending to take an action subject to the provisions of this section shall, on or before forty-five days prior to the proposed effective date of the action, send written notice [by certified mail] of its intended action to the insured at his last known address. A WRITTEN NOTICE OF CANCELLATION OR NONRENEWAL SHALL BE SENT BY CERTIFIED MAIL. ALL OTHER NOTICES OF ACTION SUBJECT TO THE PROVISIONS OF THIS SECTION SHALL BE SENT BY CERTIFICATE OF MAILING. The notice shall be in triplicate, and shall state in clear and specific terms, on a form approved by the Commissioner:

(i) The proposed action to be taken, including, if the action is an increase in premium or reduction in coverage, the amount of increase and the type of coverage to which it is applicable, or the type of coverage reduced and the extent of the reduction;

(ii) The proposed effective date of the action;

(iii) The insurer's actual reason or reasons for proposing to take such action. The statement of reasons shall be sufficiently clear and specific so that a person of average intelligence can identify the basis for the insurer's decision, without making further inquiry. Generalized terms such as "personal habits," "living