

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 27-605 of Article - Insurance of the Annotated Code of Maryland be renumbered to be Section(s) 27-613.

SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read as follows:

Article - Insurance

12-106.

[(a) This section does not apply to life insurance or health insurance.]

(A) THIS SECTION APPLIES ONLY TO A BINDER OR POLICY, OTHER THAN A RENEWAL POLICY, OF PRIVATE PASSENGER MOTOR VEHICLE, HOMEOWNERS, DWELLING, CREDIT LOSS, OR COMMERCIAL PROPERTY INSURANCE OR LIABILITY INSURANCE.

(B) A BINDER OR POLICY IS SUBJECT TO A 45-DAY UNDERWRITING PERIOD BEGINNING ON THE EFFECTIVE DATE OF COVERAGE.

(C) AN INSURER MAY CANCEL A BINDER OR POLICY DURING THE UNDERWRITING PERIOD IF THE RISK DOES NOT MEET THE UNDERWRITING STANDARDS OF THE INSURER.

(D) IF APPLICABLE, AT THE APPLICATION OR WHEN A BINDER OR POLICY IS ISSUED, AN INSURER SHALL PROVIDE WRITTEN NOTICE OF ITS ABILITY TO CANCEL A BINDER OR POLICY DURING THE UNDERWRITING PERIOD.

(E) A NOTICE OF CANCELLATION UNDER THIS SECTION SHALL:

- (1) BE IN WRITING;
- (2) HAVE AN EFFECTIVE DATE NOT LESS THAN 15 DAYS AFTER MAILING;

AND

(3) STATE CLEARLY AND SPECIFICALLY THE INSURER'S ACTUAL REASON FOR THE CANCELLATION.

[(b)] (F) A binder or other contract for temporary insurance:

- (1) may be made orally or in writing; and
- (2) except as superseded by the clear and express terms of the binder, is considered to include:
 - (i) all the usual terms of the policy as to which the binder was given; and
 - (ii) the applicable endorsements designated in the binder.

[(c)] (G) A binder is no longer valid after the policy as to which it was given is issued.