

(M) IN THE CASE OF COMMERCIAL INSURANCE OR INSURANCE ISSUED OR PROVIDED BY NONADMITTED INSURERS, AN INSURER IS NOT REQUIRED TO PRODUCE STATISTICAL VALIDATION OF ITS UNDERWRITING STANDARDS IN ORDER TO MEET ITS BURDEN OF PERSUASION UNDER THIS SECTION.

(N) (1) SUBJECT TO THE REQUIREMENTS OF THIS ARTICLE, IF AN INSURER CONSIDERS CLAIMS HISTORY FOR THE PURPOSES OF CANCELING OR REFUSING TO UNDERWRITE OR RENEW COVERAGE, THE INSURER MAY CONSIDER THE FOLLOWING FACTORS IN MITIGATION OF THE PROPOSED DECISION WITHOUT PRODUCING STATISTICAL VALIDATION:

(I) THE SEVERITY OF THE LOSSES;

(II) THE LENGTH OF TIME THAT AN INSURED HAS BEEN A POLICYHOLDER WITH THE INSURER;

(III) LOSS MITIGATION OF PREVIOUS LOSSES; AND

(IV) THE AVAILABILITY OF A HIGHER DEDUCTIBLE FOR THE PARTICULAR POLICY AND TYPES OF LOSSES.

(2) IF AN INSURER CONSIDERS CLAIMS HISTORY FOR PURPOSES OF CANCELING OR REFUSING TO UNDERWRITE OR RENEW COVERAGE, THE INSURER SHALL DISCLOSE THE PRACTICE TO AN APPLICANT OR INSURED AT THE INCEPTION OF THE POLICY AND AT EACH RENEWAL.

SECTION 2. AND BE IT FURTHER ENACTED, That this Act applies on or after October 1, 1998 to claims made in connection with homeowner's insurance or private passenger motor vehicle insurance regardless of the date of the claim.

SECTION 2. 3. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 1998. It shall remain effective for a period of 3 years and, at the end of September 30, 2001, with no further action required by the General Assembly, this Act shall be abrogated and of no further force and effect.

Approved May 21, 1998.

CHAPTER 652

(House Bill 1356)

AN ACT concerning

Homeowner's Insurance and Private Passenger Motor Vehicle Insurance - Standards for Cancellation, Underwriting, and Nonrenewal

FOR the purpose of prohibiting insurers from using certain standards for purposes of canceling or refusing to renew ~~or underwrite~~ homeowners and private passenger ~~automobile~~ motor vehicle insurance under certain circumstances; ~~requiring the Insurance Commissioner to adopt certain regulations~~; authorizing insurers to consider certain factors for purposes of canceling or refusing to renew ~~or~~