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**INSURANCE LAW BULLETIN**  
**(NOTE: SUPERCEDED BY BULLETIN 2004-2)**

**Re: Commissioner Holds Insurer Must Provide 45-Day Notice  
When A Policy Is Held In Effect And Premium Increases By  
20% Or More**

The Maryland Insurance Commissioner recently held that, when an insurer is required to hold a policy in effect pending the Commissioner's review of a proposed nonrenewal, the insurer may charge the premium set forth in its filed rating plan during the "hold-in-effect" period even if that premium is greater than the premium that was charged for the expiring policy. If the premium charged during the "hold-in-effect" period exceeds by 20% or more the expiring premium, the insurer must provide the insured at least 45 days' notice of the proposed premium increase.

The insurer refused to renew a policy of professional liability insurance that was to expire December 31, 2001. When the Commissioner decided to review the proposed nonrenewal, the policy was held in effect beyond the expiration date. On December 21, 2001, the insurer invoiced the insured for the premium due during the "hold-in-effect" period. The Commissioner ordered that, because the premium increase exceeded 20% and the invoice gave the insured 30 days' notice of the premium increase rather than 45 days' notice as required by Insurance Article, § 27-604, the insurer must refund to the insured 15 days of that portion of the premium increase in excess of 20%.

For further information, or a copy of the opinion, please contact **Derek B. Yarmis**, who represented the insurer in this matter, at 410-659-7762 or [dyarmis@fblaw.com](mailto:dyarmis@fblaw.com), or **Ren L. Tundermann**, who heads the firm's insurance regulatory group, at 410-659-7766 or [rtundermann@fblaw.com](mailto:rtundermann@fblaw.com). Please visit our website at [www.fblaw.com](http://www.fblaw.com).

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