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INSURANCE LAW BULLETIN

Re: Commissioner Holds Insurer Is Not Required To Provide 45-Day Notice For Premium Increase On Held-In-Effect Policy

The Maryland Insurance Commissioner recently held that, when an insurer is required to hold a policy in effect pending review of a proposed nonrenewal, the 45-day notice required for premium increases of 20% or more under Insurance Article, § 27-604(b) need not be given unless the insurer has at least 45 days' notice of its obligation to hold the policy in effect.

The insurer refused to renew policies of commercial insurance that were to expire January 1, 2002. On December 28, 2001, the insured filed a protest, and on January 4, 2002, the Commissioner directed the insurer to hold the policies in effect pursuant to § 27-501(f). The insurer increased the premiums for the held-in-effect policies by at least 20 percent, and the insured filed a second protest. The Commissioner held that, because the insurer could not possibly give 45 days' notice of the premium increase, the case fell squarely within § 27-604(a)(6), which provides that § 27-604(b) does not apply if "an insurer satisfies the Commissioner that it cannot reasonably comply with the notice requirement in connection with certain risks or lines of business."

For further information, or a copy of the opinion, please contact **Ren L. Tundermann**, who heads the firm's insurance regulatory group, at 410-659-7766 or rtundermann@fblaw.com. Please visit our website at www.fblaw.com.

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