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Bulletin 11-16

Date: July 25, 2011

To: All Property & Casualty Insurers

Re: Personal Injury Protection (PIP) and Rating Rules

The purpose of this Bulletin is to remind all Property & Casualty insurers that a PIP surcharge is prohibited under § 19-507(c) of the Insurance Article. An insurer that issues a policy that contains Personal Injury Protection coverage may not impose a surcharge or retier the policy for a claim or payment made under that coverage and, at the time the policy is issued, shall notify the policyholder in writing that a surcharge may not be imposed and the policy may not be retiered for a claim or payment made under PIP coverage when reviewing proposed rating rules the Maryland Insurance Administration ("Administration") verifies compliance with §19-507(c) of the Insurance Article. The Administration provides examples below to assist Property & Casualty insurers document compliance with this statutory requirement.

In pertinent part, §19-507(c) of the Insurance Article states: "An insurer that issues a policy that contains the coverage described in § 19-505 of this subtitle may not impose a surcharge or retier the policy for a claim or payment made under that coverage ..."

Common examples of rating rules submitted to the Administration include:

- 1. The rating factors for accidents, DUI violations, major violations, speeding violations and minor violations do not consider payments made under PIP coverage.
- 2. Points assigned do not consider payments made under PIP coverage.
- 3. An accident shall not be chargeable if the operator(s) received payment only under PIP.

The first two examples indicate compliance with §19-507(c) of the Insurance Article. In the third example compliance is not clear because the rating rule suggests the Property & Casualty insurer may impose a surcharge if a PIP claim has been paid with another claim. *Property & Casualty insurers filing rating plans identical or similar to the third example must provide additional documentation that no surcharge or retier will occur because of a PIP claim.*

If you have any questions regarding this Bulletin, please contact Joy Hatchette, Associate Commissioner, Consumer Education and Advocacy by telephone at (410) 468-2029 or by e-mail at jhatchette@mdinsurance.state.md.us.

Therese M. Goldsmith Commissioner

By: Signature on file with original

Joy Hatchette, Associate Commissioner Consumer Education & Advocacy