



September 15, 2009

## **MD MANDATORY ENDORSEMENTS REVISED FOR HB 165 - LIMITATION ON MIDTERM CANCELLATIONS**

- BACKGROUND** Maryland House Bill 165 amends the midterm cancellation provisions for all lines of business by prohibiting an insurer from cancelling a policy in effect more than 45 days except under specified circumstances.
- MSO ACTION** MSO filed the required changes in mandatory endorsements BU 0840, MCL 788, MPA 840, MPL 108, MCM 840 and MCA 840. The revised endorsements are all now approved.
- CHANGES** An insurer may only cancel a policy midterm in an instance of:
- Fraud or material misrepresentation made in connection with the application, policy or presenting a claim under the policy.
  - A matter related to the risk that constitutes a threat to public safety.
  - A change in the condition of the risk that results in an increase in the hazard insured against.
  - Nonpayment of premium.
  - Suspension or revocation of a driver's license or registration of a named insured or covered driver for a reason that is related to the driver's record (Auto policies only).
  - Conviction of arson (Homeowners policies only).
- EFFECTIVE DATE** October, 1, 2009
- DISTRIBUTION** The forms are now available on CD-ROM. Affiliated companies can access them through our website: [www.msonet.com](http://www.msonet.com).
- QUESTIONS** Contact Trish Riggio at (800) 935-6900.