

Article - Insurance

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§15–911.

(a) In this section, “loss ratio” means the ratio of losses incurred to premiums earned on policies that are issued, delivered, or renewed in the State.

(b) Medicare supplement policies shall return aggregate benefits that are reasonable in relation to the premium charged.

(c) (1) For purposes of administering this subtitle and §§ 12-203 through 12-205 of this article, the Commissioner shall adopt reasonable regulations to establish minimum standards for loss ratios of Medicare supplement policies.

(2) The minimum standards for loss ratios shall be based on incurred claims experience and earned premiums in accordance with accepted actuarial principles and practices and the principles and standards of the National Association of Insurance Commissioners.

(d) The minimum acceptable loss ratios for Medicare supplement policies are:

(1) for group Medicare supplement policies, at least 75% of the aggregate amount of premiums earned; and

(2) for individual Medicare supplement policies or subscriber contracts that are issued or renewed on a policy anniversary after July 1, 1991, at least 65% of the aggregate amount of premiums earned.

(e) (1) To demonstrate compliance with the applicable minimum loss ratio standards established in the State for Medicare supplement policies, each carrier that provides Medicare supplement policies or certificates in the State shall file annually with the Commissioner the carrier’s rates, rating schedule, and supporting documentation.

(2) Each filing of rates and rating schedules shall demonstrate that the actual and expected losses in relation to premiums comply with the requirements of this subtitle.

(f) The Commissioner may require a carrier to adjust rates or give credits or refunds to policyholders of Medicare supplement policies that in practice do not meet the minimum loss ratio standards required under this section.

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