

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulations  
Maryland Insurance Administration  
(DLS Control No. 14-114)**

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**Overview and Legal and Fiscal Impact**

The proposed regulations update long-term care reserve standards consistent with the most recent National Association of Insurance Commissioners (NAIC) model regulation standards and make technical corrections and conforming and stylistic changes.

The proposed regulations present no legal issues of concern.

There is no fiscal impact on State or local agencies.

**Regulations of COMAR Affected**

**Maryland Insurance Administration:**

Long-Term Care: Long-Term Care Insurance: COMAR 31.14.01.01

Long-Term Care Insurance – Premium Rates and Reserves:

COMAR 31.14.02.01, .11, .13, and .14

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**Legal Analysis**

**Summary of Regulations**

The proposed regulations alter the current minimum claim reserve and contract reserve requirements for long-term care insurance to be consistent with the most recent NAIC Long-Term Care Insurance Model Regulation (Model Regulation). Specifically (1) Regulation .11B(1), which governs the maximum interest rate for claim reserves for long-term care insurance, is amended to repeal language requiring the rate to “[have] a guarantee duration equal to the maximum benefit period” since this language does not appear in the Model Regulation and (2) Regulation .13B, which governs minimum contract reserve requirements, is amended to establish, for long-term care insurance policies or group certificates issued on or after January 1, 2015, new maximum termination rates used in the computation of contract reserves for terminations due to other than mortality. The termination rates for policies or group contracts issued before January 1, 2015 remain unchanged.

In addition to conforming and stylistic changes, the proposed regulations make a technical correction in Regulation .01 by repealing from the applicability of the chapter long-term care insurance delivered or issued for delivery by preferred provider organizations since these entities do not issue long-term care insurance, and correct an improper word usage in the catchline of Regulation .14.

## **Legal Issue**

The proposed regulations present no legal issues of concern.

## **Statutory Authority and Legislative Intent**

The Maryland Insurance Administration cites §§ 2-109 and 14-124, Title 18, Subtitle 1, and Title 27 of the Insurance Article, and § 19-705 of the Health – General Article as legal authority for the proposed regulations. More specifically, the proposed regulations are authorized by §§ 2-109(a)(1) and 18-102 of the Insurance Article.

Section 2-109(a)(1) establishes the general authority of the Maryland Insurance Commissioner to adopt regulations to carry out the Insurance Article. Section 18-102 establishes the Commissioner’s specific authority to adopt regulations about long-term care insurance with respect to a number of listed topics and “any other matter that the Commissioner determines is in the best interest of the public” (§ 18-102(11)).

The proposed regulations comply with the legislative intent of the law.

## **Fiscal Analysis**

There is no fiscal impact on State or local agencies.

## **Agency Estimate of Projected Fiscal Impact**

The administration advises that the regulations have minimal or no impact on State or local governments. The Department of Legislative Services concurs.

## **Impact on Budget**

There is no impact on the State operating or capital budget.

## **Agency Estimate of Projected Small Business Impact**

The administration advises that the regulations have minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

## **Contact Information**

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