

**Maryland General Assembly  
Department of Legislative Services**

**Reproposed Regulations  
Maryland Insurance Administration  
(DLS Control No. 14-116)**

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## **Overview and Legal and Fiscal Impact**

These reproposed regulations clarify that new COMAR 31.15.13 does not apply to policies of surplus lines insurance procured from a nonadmitted insurer under Title 3, Subtitle 3 of the Insurance Article. In addition, the reproposed regulations repeal provisions concerning compliance under certain circumstances with the notice requirement under § 27-608 of the Insurance Article, as the original regulations misapplied the scope of that statute.

The reproposed regulations present no legal issues of concern.

There is no fiscal impact on State or local agencies.

## **Regulations of COMAR Affected**

### **Maryland Insurance Administration:**

Unfair Trade Practices: Notice of Premium Increase of 20% or More:  
COMAR 31.15.13.01-.04

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## **Legal Analysis**

### **Background**

The proposed regulations were originally published in the October 4, 2013 issue of the *Maryland Register*. As the Maryland Insurance Administration made several substantive changes to the original submission, the administration has submitted these reproposed regulations.

### **Summary of Original Proposed Regulations**

These regulations implement § 27-608 of the Insurance Article by amending COMAR 31.15.13.01-.02 and -.04 and repealing .03.

First, these regulations amend Regulation .01, which specifies the scope of the chapter. As amended, Regulation .01 reflects § 27-608(a), providing that the regulations apply to policies of commercial insurance and policies of workers' compensation insurance, but not policies issued to certain exempt commercial policyholders or policies for which the renewal premium is in excess of \$1,000 and an increase over the expiring policy premium of the lesser of 3% or \$300.

These regulations also amend Regulation .02 to conform to § 27-608. The regulations delete obsolete statutory references and amend provisions concerning notice requirements for commercial policy lines. More specifically, the regulations amend Regulation .02B(2), requiring an insurer to comply with statutory notice requirements if the premium increase, less any portion exempt from the notice requirement, equals or exceeds the lesser of \$300 or 3% of the policy premium of the previous term and the renewal policy premium exceeds \$1,000. The regulations further amend Regulation .02B(3), providing that an insurer need not comply with the statutory notice provisions if the premium increase, less any portion exempt from the notice requirement, is less than \$300 or 3% for the previous policy term or the renewal policy premium is less than or equal to \$1,000. The regulations also amend Regulation .02C to reflect § 27-608(c) by requiring an insurer to include on a notice of premium increase for a commercial lines policy (1) the expiring policy premium and the renewal policy premium and (2) the telephone number for the insurer or insurance producer, if any, together with a statement that the insured may call to request additional information about the premium increase.

The regulations repeal Regulation .03, concerning provisions related to premium increases for personal lines policies of 20% or more. These provisions are obsolete following the enactment of Chapter 580 of 2006.

Finally, the regulations renumber and amend Regulation .04 by correcting obsolete statutory references.

## **Summary of Reproposed Regulations**

The reproposed regulations amend Regulation .01B to clarify that the chapter does not apply to policies of surplus lines insurance procured from a nonadmitted insurer under Title 3, Subtitle 3 of the Insurance Article. In addition, the reproposed regulations repeal, rather than amend, Regulations .02B(2) and (3), concerning compliance under certain circumstances with the notice requirement under § 27-608 of the Insurance Article. According to the administration, the originally proposed regulations inadvertently misapplied the scope of the statute.

## **Legal Issue**

These reproposed regulations present no legal issues of concern.

## **Statutory Authority and Legislative Intent**

The administration cites §§ 2-109 and 27-608 of the Insurance Article as authority for the regulations. More specifically, authority for the regulations is provided by § 2-109(a)(1), which establishes the general authority of the Maryland Insurance Commissioner to adopt regulations to carry out the Insurance Article. As noted above, § 27-608 concerns procedures and requirements regarding the renewal of policies of commercial insurance or workers' compensation insurance.

The cited authority is correct and complete. The 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 and notes that the regulations implement Chapters 472 and 473 of 2012 (SB 256/HB 876).

### **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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