

MARYLAND REGISTER

Proposed Action on Regulations

Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations	Date Filed with AELR Committee	TO BE COMPLETED BY DSD
	05/05/2014	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

1. Desired date of publication in Maryland Register: 6/13/2014

2. COMAR Codification

Title Subtitle Chapter Regulation

31 15 13 01 — .04

3. Name of Promulgating Authority

Maryland Insurance Administration

4. Name of Regulations Coordinator Telephone Number
Katrina Lawhorn 410-468-2450

Mailing Address

200 St. Paul Place, Ste 2700

City State Zip Code
Baltimore MD 21202

Email
katrina.lawhorn@maryland.gov

5. Name of Person to Call About this Document Telephone No.
Katrina Lawhorn 410-468-2450

Email Address
katrina.lawhorn@maryland.gov

6. Check applicable items:
 New Regulations

X- Amendments to Existing Regulations

Date when existing text was downloaded from COMAR online: August 19, 2013.

Repeal of Existing Regulations

X- Recodification

Incorporation by Reference of Documents Requiring DSD Approval

X- Reproposal of Substantively Different Text:

40: 20 Md. R 1730-1731 10/04/2013
(vol.) (issue) (page nos) (date)

Under Maryland Register docket no.: 13-295-P.

7. Is there emergency text which is identical to this proposal:

Yes **X-** No

8. Incorporation by Reference

Check if applicable: Incorporation by Reference (IBR) approval form(s) attached and 18 copies of documents proposed for incorporation submitted to DSD. (Submit 18 paper copies of IBR document to DSD and one copy to AELR.)

9. Public Body - Open Meeting

OPTIONAL - If promulgating authority is a public body, check to include a sentence in the Notice of Proposed Action that proposed action was considered at an open meeting held pursuant to State Government Article, §10-506(c), Annotated Code of Maryland.

OPTIONAL - If promulgating authority is a public body, check to include a paragraph that final action will be considered at an open meeting.

10. Children's Environmental Health and Protection

Check if the system should send a copy of the proposal to the Children's Environmental Health and Protection Advisory Council.

11. Certificate of Authorized Officer

I certify that the attached document is in compliance with the Administrative Procedure Act. I also certify that the attached text has been approved for legality by J. Van Lear Dorsey, Assistant Attorney General, (telephone #410-468-2023) on May 2, 2014. A written copy of the approval is on file at this agency.

Name of Authorized Officer

Therese M. Goldsmith

Title

Insurance Commissioner

Telephone No.

410-468-2090

Date

May 5, 2014

MARYLAND INSURANCE ADMINISTRATION

Subtitle 15 UNFAIR TRADE PRACTICES

31.15.13 Notice of Premium Increase [of 20 Percent or More] for Commercial Insurance

Authority: Insurance Article, §§2-109 and [27-604] 27-608, Annotated Code of Maryland

Notice of Proposed Action

□

The Insurance Commissioner proposes to amend Regulations .01 and .02, repeal existing Regulation .03, and amend and recodify existing Regulation .04 to be Regulation .03 under COMAR 31.15.13 Notice of Premium Increase for Commercial Insurance. Since substantive changes have been made to the original proposal as published in 40:20 Md. R. 1730 – 1731 (October 4, 2013), the action is being repropose.

Statement of Purpose

The purpose of this action is to implement the changes made to Insurance Article, §27-608, Annotated Code of Maryland by Chapter 580, Acts of 2006 and Chapters 472 and 473, Acts of 2012 by establishing procedures and requirements for an insurer that is required to provide a notice of premium increase for a policy of commercial insurance. The purpose of the reproposal is to delete provisions of the proposed regulations that inadvertently misapplied the scope provisions of Insurance Article, §27-608, Annotated Code of Maryland.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Katrina Lawhorn, Regulations Coordinator, Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, or call 410-468-2450, or email to katrina.lawhorn@maryland.gov, or fax to 410-468-2020. Comments will be accepted through July 14, 2014. A public hearing has not been scheduled.

Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 2015

B. Does the budget for the fiscal year in which regulations become effective contain funds to implement the regulations?

No

C. If 'yes', state whether general, special (exact name), or federal funds will be used:

D. If 'no', identify the source(s) of funds necessary for implementation of these regulations:

Regulations will be implemented by existing MIA staff.

E. If these regulations have no economic impact under Part A, indicate reason briefly:

These proposed changes to the regulation were necessitated by a statutory change effective more than two years ago. Given the change to statute, insurers should have made any necessary operational adjustments to comply with the notice requirements at the time the statute became effective.

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet.

G. Small Business Worksheet:

Attached Document:

Title 31 MARYLAND INSURANCE ADMINISTRATION

Subtitle 15 UNFAIR TRADE PRACTICES

Chapter 13 Notice of Premium Increase [of 20 Percent or More] for Commercial Insurance

Authority: Insurance Article, §§2-109 and [27-604] 27-608, Annotated Code of Maryland

.01 Scope.

A. (originally proposed text unchanged)

B. *This chapter does not apply to policies:*

(1) *Issued to exempt commercial policyholders, as defined in Insurance Article, §11-206(j), Annotated Code of Maryland; [[or]]*

(2) *For which the renewal premium is:*

(a) (originally proposed text unchanged)

(b) *An increase over the expiring policy premium of the lesser of 3 percent or [[[\$300.]]] \$300; or*

(3) *Of surplus lines insurance procured from a nonadmitted insurer under Insurance Article, Title 3, Subtitle 3, Annotated Code of Maryland.*

.02 Notice Requirement for Commercial Lines Policies.

A. (originally proposed text unchanged)

B. Calculation of Amount of Premium Increase.

[[[(1)]]] In determining whether an insurer is required to provide a notice of increase in premium [of 20 percent or more] for a commercial lines policy under Insurance Article, [§27-604] §27-608, Annotated Code of Maryland, the insurer shall deduct from the total amount of the premium increase any portion of the premium increase that is exempted from the notice [requirement of][*required by*] **requirement under** §A(2)(a) of this regulation.

[[[(2)]]] If the remaining amount of the premium increase equals [20 percent or more of the premium for] *or exceeds the lesser of \$300 or 3 percent of the policy premium of the previous policy term, and the renewal policy premium exceeds \$1000*, the insurer shall comply with the notice [requirement of] *required by* Insurance Article, [§27-604] §27-608, Annotated Code of Maryland.

(3) If the remaining amount of the premium increase [equals less than 20 percent] *is less than \$300 or 3 percent of the premium for the previous policy term, or the renewal policy premium is less than or equal to \$1000*, the insurer need not comply with the notice [requirement of] *required by* Insurance Article, [§27-604] §27-608, Annotated Code of Maryland.]]]

C. (originally proposed text unchanged)

.03 (Repeal)

[.04] .03 Request for Exception.

(originally proposed text unchanged)