

**Maryland General Assembly
Department of Legislative Services**

**Proposed Regulation
Maryland Insurance Administration
(DLS Control No. 14-163)**

Overview and Legal and Fiscal Impact

The proposed action repeals an erroneous reference in Regulation 31.15.08.06A to an “insured” that has engaged in unfair claim settlement practices and substitutes a reference to an “insurer, nonprofit health service plan, or health maintenance organization” that has engaged in those practices.

The proposed regulation presents no legal issues of concern.

There is no fiscal impact on State or local agencies.

Regulation of COMAR Affected

Maryland Insurance Administration:

Unfair Trade Practices: Payment of Claims Under Life and Health Policies and Annuity Contracts: COMAR 31.15.08.06

Legal Analysis

Summary of Regulation

Section 27-304 of the Insurance Article specifies the unfair claim settlement practices that, when committed by an insurer, nonprofit health service plan, or health maintenance organization with a certain frequency, indicates a general business practice. Regulation 31.15.08.06 implements § 27-304 by establishing the methodology that must be used to determine whether the practices specified in § 27-304 are committed with such frequency as to constitute a general business practice within the meaning of § 27-304. The proposed action corrects an erroneous reference in Regulation 31.15.08.06A to an “insured” that has engaged in unfair claim settlement practices, and substitutes a reference to the entities to which § 27-304 applies, an “insurer, nonprofit health service plan, or health maintenance organization.”

Legal Issue

The proposed regulation presents no legal issues of concern.

Statutory Authority and Legislative Intent

The Maryland Insurance Administration cites § 19-706(g) of the Health – General Article and §§ 1-301, 2-109, 2-205, 2-207, 4-113, 8-455, 10-102, 10-103, 10-118, 10-126, 10-130, 10-131, 10-401 through 10-406, 10-410, 14-112, 14-124, 14-407, 14-408, 14-409, 14-416, 15-1004, 15-1005, 27-102, Title 15, Subtitle 7, and Title 27, Subtitle 3 of the Insurance Article as legal authority for the proposed regulation. More specifically, authority for the proposed regulation is provided by §§ 2-109(a)(1) and 27-304 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. As discussed above, § 27-304 specifies the unfair claim settlement practices that, when committed by an insurer, nonprofit health service plan, or health maintenance organization with a certain frequency, indicates a general business practice.

The proposed regulation complies 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 regulation corrects an erroneous reference. The administration advises that the regulation has no fiscal impact. 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 regulation has minimal or no economic impact on small businesses in the State. The Department of Legislative Services concurs.

Contact Information

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