

MARYLAND REGISTER

Proposed Action on Regulations

Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations	Date Filed with AELR Committee	TO BE COMPLETED BY DSD
	02/19/2016	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

1. Desired date of publication in Maryland Register: 3/18/2016

2. COMAR Codification

Title Subtitle Chapter Regulation

31	04	01	01, .03
31	04	06	00, .01
31	04	17	00, .03
31	04	19	02, .05
31	04	22	04

3. Name of Promulgating Authority

Maryland Insurance Administration

4. Name of Regulations Coordinator

Catherine E Grason

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5. Name of Person to Call About this Document

Catherine Grason

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6. Check applicable items:

X- New Regulations

X- Amendments to Existing Regulations

Date when existing text was downloaded from COMAR online: 1/20/16.

_ Repeal of Existing Regulations

_ Recodification

_ Incorporation by Reference of Documents Requiring DSD Approval

_ Reproposal of Substantively Different Text:

: Md. R

(vol.) (issue) (page nos) (date)

Under Maryland Register docket no.: --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 General Provisions Article, §3-302(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 Phoebe Pappas, Assistant Attorney General, (telephone #410-468-2032) on 2/18/16. A written copy of the approval is on file at this agency.

Name of Authorized Officer

Alfred W. Redmer, Jr.

Title

Insurance Commissioner

Telephone No.

410-468-2090

Date
2/18/16

Title 31

MARYLAND INSURANCE ADMINISTRATION

Subtitle 04 INSURERS

31.04.01 Examination of Insurers

Subtitle 04 INSURERS

31.04.06 Conflict of Interests

Subtitle 04 INSURERS

31.04.17 Filing of Forms for Approval

Subtitle 04 INSURERS

31.04.19 Filing of Forms Under File and Use Method

Subtitle 04 INSURERS

31.04.22 Title Insurers

Authority: See attached.

Notice of Proposed Action

[]

The Insurance Commissioner proposes to amend Regulations .01 and .03 under COMAR 31.04.01 Examination of Insurers; amend the enabling authority and Regulation .01 under COMAR 31.04.06 Conflict of Interests; amend the enabling authority and add new Section O to Regulation .03 under COMAR 31.04.17 Filing of Forms for Approval; amend Regulations .02 and .05 under COMAR 31.04.19 Filing of Forms Under File and Use Method; and amend Regulation .04 under COMAR 31.04.22 Title Insurers.

Statement of Purpose

The purpose of this action is to adopt amendments to COMAR 31.04 Insurers consistent with the Regulatory Review and Evaluation Report for this chapter as follows:

- (1) Technical amendments to Regulations .01 and .03 under COMAR 31.04.01 Examination of Insurers are being proposed to change the term "accepted reinsurer" to "accredited reinsurer," and to change the term "accepted fronting reinsurer" to "fronting reinsurer," consistent with statute. Additionally, an inaccurate cross reference is being corrected;
- (2) Technical amendments to the enabling authority under COMAR 31.04.06 Conflict of Interests are being proposed, and technical amendments to Regulation .01 under this chapter are being made to make the language consistent with the National Association of Insurance Commissioners' current Annual Statement;

(3) Technical amendments to the enabling authority under COMAR 31.04.17 Filing of Forms for Approval are being proposed, and a new Section O is being added under Regulation .03 of this chapter to formally require annuities contracts and certificates that are subject to Maryland's nonforfeiture laws to file a mathematical outline, consistent with current regulatory practices;

(4) Technical amendments are being proposed to Regulations .02 and .05 under 31.04.19 Filing of Forms Under File and Use Method to correct an inaccurate cross-reference, and to change the term "stop-loss insurance" to "medical stop-loss insurance," consistent with cross-references used in this definition. "Individual health benefit plans" are also being added to the list of health insurance applications that may not be filed under the file and use method in Regulation .05B of this chapter; and

(5) Technical amendments are being proposed to Regulation .04 under COMAR 31.04.22.04 Title Insurers to correct inaccurate cross-references.

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 Catherine Grason, Director of Regulatory Affairs, Maryland Insurance Administration, 200 St. Paul Place, Ste. 2700, Baltimore, MD 21202, or call 410-468-2201, or email to insuranceregreview.mia@maryland.gov, or fax to 410-468-2020. Comments will be accepted through April 18, 2016. A public hearing has not been scheduled.

Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 16

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:

No funds are required for implementation of these regulations.

E. If these regulations have no economic impact under Part A, indicate reason briefly: These changes are primarily technical, and the only substantive changes reflect already existing practices, thus no funds are required for implementation.

F. If these regulations have minimal or no economic impact on small businesses under Part B, indicate the reason and attach small business worksheet. These changes are primarily technical, and the only substantive changes reflect already existing practices, thus there are no new economic impacts on anyone.

G. Small Business Worksheet:

Attached Document:

Title 31 MARYLAND INSURANCE ADMINISTRATION

Subtitle 04 INSURERS

Chapter 01 Examination of Insurers

Authority: Insurance Article, §§2-109, 2-205, 2-207, 2-208, 2-209, 3-303, 3-318, 3-319, 4-116, 5-201, 5-903, 5-904, 8-461, 8-462, 13-116, 14-125, and 14-411; Health-General Article, §§19-717 and 19-718; Annotated Code of Maryland

.01 Applicability.

A. (text unchanged)

B. Regulations .03 and .04 of this chapter are applicable to a person who acts as an insurer in this State, including dental plan organizations, fraternal benefit societies, health maintenance organizations, nonprofit health service plans, and [accepted] *accredited* reinsurers.

.03 Conduct of Examination; Filing of Examination Report.

A. This regulation applies to:

(1)-(3) (text unchanged)

(4) An [accepted] fronting reinsurer subject to examination under Insurance Article, §13-116, Annotated Code of Maryland;

(5) An [accepted] *accredited* reinsurer subject to examination under Insurance Article, Title 5, Subtitle 9, Annotated Code of Maryland;

(6) (text unchanged)

(7) A health maintenance organization subject to examination under [Health-General Article, §19-718] *Insurance Article, §2-205(b)(1)(v)*, Annotated Code of Maryland.

B.-C. (text unchanged)

Chapter 06 Conflict of Interests

Authority: Insurance Article, §§2-109, 4-113(a)(7)–(9), and [4-115] *4-116*, Annotated Code of Maryland

.01 Interrogatory.

In order to assure disclosure of possible conflict of interests, foreign and domestic companies shall be able to answer in the affirmative the following interrogatory which is contained in the “*General Interrogatories*” section of the *National Association of Insurance Commissioners (NAIC)* annual statement:

"Has the [company] *reporting entity* an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees, or responsible employees which is in, or is likely to, conflict with the official duties of such persons?"

Chapter 17 Filing of Forms for Approval

Authority: Insurance Article, §§2-109, 8-433(a), 12-203(a)(1)(i) and (2) and (b), 13-110(a), 14-109(3)(iv), 14-110(a)(2)(iii)1, 14-126, 14-405(b)(8) and (9), 14-410(c), 15-904, [15-906, 15-907, 15-908, and 15-911] and 16-504(e); [Health-General Article, §19-713;] Annotated Code of Maryland

.03 Filing of Forms for Approval.

A.-N. (text unchanged)

O. *Except for an annuity contract that is listed as exempt under Insurance Article §16-501, Annotated Code of Maryland, in the case of an annuity contract, the carrier shall furnish:*

(1) *A mathematical outline showing computation of the minimum nonforfeiture amounts; and*

(2) *A numerical demonstration that the minimum paid-up annuity, cash surrender, or death benefits available under the contract are not less than the minimum benefits required under Insurance Article, Title 16, Subtitle 5, Annotated Code of Maryland.*

Chapter 19 Filing of Forms Under File and Use Method

Authority: Insurance Article, §§2-109 and 12-203(d)(2), Annotated Code of Maryland

.02 Definitions.

A. (text unchanged)

B. Terms Defined.

(1)-(19) (text unchanged)

(20) *"Medical stop-loss insurance" has the meaning stated in Insurance Article, §15-129(a), Annotated Code of Maryland.*

(21)-(23) (text unchanged)

[(23)] (24) *"Small employer" has the meaning stated in Insurance Article, [§15-1203] §31-101, Annotated Code of Maryland.*

[(24)] *"Stop-loss insurance" has the meaning stated in Insurance Article, §15-129(a), Annotated Code of Maryland.]*

(25) (text unchanged)

.05 Types of Forms Used on a File and Use Method.

A. (text unchanged)

B. The following life insurance, health insurance, and annuity forms may be filed under the file and use method:

(1)-(13) (text unchanged)

(14) *Medical [Stop-loss] stop-loss insurance;*

(15)-(23) (text unchanged)

(24) Applications, except applications for:

(a) Medicare supplement policies;

(b) Long-term care insurance; [and]

(c) *Individual health benefit plans; and*

[(c)] (d) Small employer health benefit plans.

Chapter 22 Title Insurers

Authority: Insurance Article, §§2-108, 2-109, 10-121, and 10-128.1, Annotated Code of Maryland

.04 Conducting an On-Site Review.

A. (text unchanged)

B. The on-site review required under §A of this regulation shall, at a minimum, include:

(1) (text unchanged)

(2) A review of the principal agent's operations to evaluate compliance with the notice requirements under Insurance Article, [§22-102] §22-103, Annotated Code of Maryland, including whether the principal agent:

(a) *Inserted the name of each proposed insured as required under Insurance Article, [§22-102(a)(1)] §22-103(a)(1), Annotated Code of Maryland;*

(b)-(c) (text unchanged)

(3)-(7) (text unchanged)

C.-E. (text unchanged)

