

MARYLAND REGISTER

## Proposed Action on Regulations

<b>Transmittal Sheet</b>  <b>PROPOSED OR REPROPOSED</b>  <b>Actions on Regulations</b>	<b>Date Filed with AELR Committee</b>	<b>TO BE COMPLETED BY DSD</b>
	04/11/2016	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

1. Desired date of publication in Maryland Register: 4/29/2016

2. COMAR Codification

**Title Subtitle Chapter Regulation**

31 06 01 00

31 06 02 01, .02

31 06 04 04

3. Name of Promulgating Authority

Maryland Insurance Administration

4. Name of Regulations Coordinator

Lisa M Larson

Telephone Number

410-468-2007

Mailing Address

200 St. Paul Pl., Ste. 2700

**City State Zip Code**

Baltimore MD 21202

Email

[lisa.larson@maryland.gov](mailto:lisa.larson@maryland.gov)

5. Name of Person to Call About this Document

Lisa M Larson

Telephone No.

410-468-2007

**Email Address**

lisa.larson@maryland.gov

**6. Check applicable items:**

New Regulations

Amendments to Existing Regulations

Date when existing text was downloaded from COMAR online: 02/23/16.

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  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 04/08/16. 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**

04/11/16

**Title 31**  
**MARYLAND INSURANCE ADMINISTRATION**

**Subtitle 06 TAXES AND FEES**

**31.06.01 Allocation and Taxation of Premiums**

**Subtitle 06 TAXES AND FEES**

**31.06.02 Retaliatory Tax**

**Subtitle 06 TAXES AND FEES**

**31.06.04 Premium Tax—Required Filings, Payments, Penalties, and Interest**

Authority: See attached.

**Notice of Proposed Action**

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The Insurance Commissioner proposes to amend the enabling authority to COMAR 31.06.01 Allocation and Taxation of Premiums; amend Regulations .01 and .02 under COMAR 31.06.02 Retaliatory Tax; and amend Regulation .04 under COMAR 31.06.04 Premium Tax—Required Filings, Payments, Penalties, and Interest.

**Statement of Purpose**

The purpose of this action is to update the enabling authority of 31.06.01; amend 31.06.02.01 to include two systems for premium tax filings (the MIA website and a new premium tax online filing system); amend 31.06.02.02 with a technical change that improves clarity; amend 31.06.04.04A to be consistent with Insurance Article, Section 6-108(a), Annotated Code of Maryland, (making the assessment of penalties against a taxpayer discretionary); amend 31.06.04.04A(1) to add an additional reference to clarify that an assessment of penalties can be against both a carrier's annual premium tax payment and a carrier's quarterly premium tax estimate payments.

**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 Lisa Larson, Assistant Director of Regulatory Affairs, Maryland Insurance Administration, 200 Saint Paul Place, Ste. 2700, Baltimore, MD 21202, or call 410-468-2007, or email to [insuranceregreview.mia@maryland.gov](mailto:insuranceregreview.mia@maryland.gov), or fax to 410-468-2020. Comments will be accepted through May 30, 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:  
Implementation can be handled with existing resources.
- E. If these regulations have no economic impact under Part A, indicate reason briefly:  
As these changes are primarily technical clarifications of existing processes, no additional funding is needed 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 amendments contain no new requirements for small businesses.
- G. Small Business Worksheet:

Attached Document:

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# **Title 31 MARYLAND INSURANCE ADMINISTRATION**

## **Subtitle 06 TAXES AND FEES**

### **Chapter 01 Allocation and Taxation of Premiums**

Authority: Insurance Article, §§2-109, 6-102—6-104, [and 6-114,] Annotated Code of Maryland

### **Chapter 02 Retaliatory Tax**

Authority: Insurance Article, §§2-109 and Title 6, Subtitle 3, Annotated Code of Maryland

**.01 Premium Tax Report.**

Beginning with the return for the calendar year 1967, to be filed on or before March 15, 1968, each foreign and alien insurer licensed to do business in Maryland shall prepare, as part of the annual premium tax report, an analysis in the aggregate of the applicable taxes, licenses, and other fees payable by a Maryland insurer transacting the same lines of business to any agency or department of the foreign or alien insurer's state of domicile. An analysis, in the aggregate, shall also be prepared of all the applicable taxes, licenses, and other fees payable by the foreign or alien insurer to any agency or department of Maryland. On the basis of these analyses, the company shall compute the retaliatory tax and include the payment of the total due if any in its remittance for premium taxes, payable to the Maryland Insurance Administration on or before March 15th in each calendar year, the time fixed by statute for filing the premium tax report. A composite tax form will be [furnished] *made available to* all affected insurers.

**.02 Audit.**

The Maryland Insurance Administration shall [include] *perform* an audit of the retaliatory tax with its audit of the annual premium tax report and in addition shall compute and bill for any additional retaliatory tax due from companies domiciled in a state where by statute or ordinance taxes, licenses, or fees are payable to political subdivisions of that state. If the amount of retaliatory tax computed by the Maryland Insurance Administration is greater than the amount shown on the report, the excess shall be assessed by the Maryland Insurance Administration and a notice of the assessment shall be mailed to the insurance company filing the report. The assessment shall be made within 3 years from the date the report was due, except in the case of failure to file a report or of a fraudulent report, in which case the excess may be assessed at any time.

**Chapter 04 Premium Tax—Required Filings, Payments, Penalties, and Interest**

Authority: Insurance Article, §§2-109, 6-101—6-103, and 6-106—6-109, Annotated Code of Maryland

**.04 Interest and Penalties.**

A. [The Commissioner shall assess] *Each taxpayer is subject to the assessment of* a penalty of 5 percent of the amount not paid when due and interest at the rate specified in Tax-General Article, §13-604(b)(1), Annotated Code of Maryland, from the date the tax was due until payment is made to the Commissioner when the taxpayer fails to remit or remits less than:

(1) The amount due with the declaration of estimated annual tax or with each quarterly payment report in accordance with Regulation .02C and D of this chapter; or;

(2) The total premium tax due to be paid with the Final Report in accordance with Regulation .03 of this chapter.

B.-E. (text unchanged)