

MARYLAND REGISTER

Proposed Action on Regulations

Transmittal Sheet PROPOSED OR REPROPOSED Actions on Regulations	Date Filed with AELR Committee	TO BE COMPLETED BY DSD
	08/23/2016	Date Filed with Division of State Documents
		Document Number
		Date of Publication in MD Register

1. Desired date of publication in Maryland Register: 9/30/2016

2. COMAR Codification

Title Subtitle Chapter Regulation

31 08 11 01 , .02, .04, .05, .07

3. Name of Promulgating Authority

Maryland Insurance Administration

4. Name of Regulations Coordinator

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Title 31
MARYLAND INSURANCE ADMINISTRATION
Subtitle 08 PROPERTY AND CASUALTY INSURANCE

31.08.11 Liability of Insurer — Failure to Act in Good Faith

Authority: Insurance Article, §§2-109(a)(1) and 27-1001; Courts and Judicial Proceedings Article, §3-1701; Annotated Code of Maryland

Notice of Proposed Action

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The Insurance Commissioner proposes to amend Regulations .01, .02, .04, .05, and .07 of COMAR 31.08.11 Liability of Insurer -- Failure to Act in Good Faith.

Statement of Purpose

The purpose of this action is to amend Regulations .01 and .02 to update the Maryland Insurance Administration's review of carriers failure to act in good faith in the handling of an individual disability claim based on the 2016 passage of House Bill 990. Amend Regulations .04, .05, and .07 to update the address of the Maryland Insurance Administration for the filing of the claims and the Insurer's response. Amend Regulation .04 to fix a typographical error in the word "identified".

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

I. Summary of Economic Impact.

Unknown amount at this time, but will increase the number of bad faith claims that are submitted to the Maryland Insurance Administration, which will increase the work load.

II. Types of Economic Impact.	Revenue (R+/R-)	Expenditure (E+/E-)	Magnitude
<hr style="border: 1px solid black;"/>			
A. On issuing agency:	NONE		
(1) Personnel Costs	(E+)		Unknown
B. On other State agencies:	NONE		
C. On local governments:	NONE		
	Benefit (+)		Magnitude
	Cost (-)		

D. On regulated industries or trade groups: NONE

E. On other industries or trade groups: NONE

F. Direct and indirect effects on public: NONE

III. Assumptions. (Identified by Impact Letter and Number from Section II.)

A(1). Assuming the number of bad faith claims submitted to the Maryland Insurance Administration increases, this will lead to more employee time being used to handle these types of claims.

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, or fax to 410-468-2020. Comments will be accepted through October 30, 2016. A public hearing has not been scheduled.

Economic Impact Statement Part C

A. Fiscal Year in which regulations will become effective: FY 17

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:

Current employee resources are enough to cover the additional filings.

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

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

Small businesses are not impacted by these regulatory changes.

G. Small Business Worksheet:

Attached Document:

Title 31 MARYLAND INSURANCE ADMINISTRATION

Subtitle 08 PROPERTY AND CASUALTY INSURANCE

Chapter 11 Liability of Insurer — Failure to Act in Good Faith

Authority: Insurance Article, §§2-109(a)(1) and 27-1001; Courts and Judicial Proceedings Article, §3-1701; Annotated Code of Maryland

.01 Purpose.

A. The purpose of this chapter is to:

(1) Establish the procedures for filing and processing civil complaints against property and casualty insurers *and insurers that offer disability insurance* that are required to be filed with the Administration pursuant to Insurance Article, §27-1001, Annotated Code of Maryland; and

(2) Require property and casualty insurers *and insurers that offer disability insurance* that are the subject of a civil action described in Courts and Judicial Proceedings Article, §3-1701(d), Annotated Code of Maryland, to report to the Administration certain information that the Administration is required to submit to the General Assembly pursuant to Insurance Article, §27-1001(h), Annotated Code of Maryland.

B. (text unchanged)

.02 Applicability and Scope.

A. This chapter is applicable to all insurers that issue, sell, or deliver a policy of property and casualty insurance *and insurers that offer individual disability insurance* that includes first-party coverage in this State.

B. (text unchanged)

.04 Filing the Complaint.

A. Plaintiff Filing a Complaint.

(1) A plaintiff filing a complaint that is required to be filed with the Administration in accordance with Insurance Article, §27-1001, Annotated Code of Maryland, shall submit the complaint to the Administration in accordance with the following procedures:

(a) The complaint shall include the information and be accompanied by the documents identified in Insurance Article, §27-1001(d)(2), Annotated Code of Maryland;

(b) – (c) (text unchanged)

(2) (text unchanged)

B. The 27-1001 filing and civil cover sheet shall be filed by sending them by:

(1) First class mail addressed to the *Hearing and Appeals Clerk, Maryland Insurance Administration, [Post Office Box 388] 200 St. Paul Place, Suite 2700, Baltimore, Maryland 2120[3]2*;

(2) A commercial overnight delivery service addressed to the *Hearing and Appeals Clerk at the Administration's official street address*; or

(3) Hand delivery addressed to the *Hearing and Appeals Clerk* between the hours of 8 a.m. and 4 p.m. at the official street address of the Administration.

C. (text unchanged)

.05 Defendant Insurer's Responsive Filing.

A. – E. (text unchanged)

F. The defendant insurer's responsive filing and the index and documents required under §§C and D of this regulation shall be filed with the Administration by:

(1) First class mail addressed to the *Hearing and Appeals Clerk, Maryland Insurance Administration, [Post Office Box 388] 200 St. Paul Place, Suite 2700, Baltimore, Maryland 2120[3]2*;

(2) A commercial overnight delivery service addressed to the *Hearing and Appeals Clerk at the Administration's official street address*; or

(3) Hand delivery addressed to the *Hearing and Appeals* Clerk between the hours of 8 a.m. and 4 p.m. at the official street address of the Administration.

G. – H. (text unchanged)

.07 Duties of Defendant Insurers.

A. – C. (text unchanged)

D. Notice of Disposition.

(1) (text unchanged)

(2) The notice of disposition shall be on the form determined by the Administration and published by bulletin and shall be sent to the *Hearing and Appeals* Clerk at the Administration within 30 days of the disposition.

(3) (text unchanged)

E. Notice of Pending Complaint.

(1) (text unchanged)

(2) The notice of the pending complaint shall be on the form determined by the Administration and published by bulletin and shall be sent to the *Hearing and Appeals* Clerk at the Administration within 30 days of service of process.

(3) (text unchanged)