

**Maryland General Assembly
Department of Legislative Services**

**Proposed Regulations
Maryland Insurance Administration
(DLS Control No. 16-247)**

Overview and Legal and Fiscal Impact

The regulations make numerous minor changes to regulatory text and cited authority to implement a recent Regulatory Review and Evaluation Act Evaluation Report on COMAR 31.08.

The regulations present no legal issues of concern.

There is no fiscal impact on State or local agencies.

Regulations of COMAR Affected

Maryland Insurance Administration:

Property and Casualty Insurance: Antiarson Application:

COMAR 31.08.01.02

Toll-Free Telephone Number:

COMAR 31.08.02.00, .02

Notices of Cancellation, Nonrenewal, Premium Increase, and Reduction in Coverage:

COMAR 31.08.03.00

Lead Poisoning: COMAR 31.08.08.07

Group Self-Insurance for Workers' Compensation:

COMAR 31.08.09.00, .06, .07, .08, .13, .14

Medical Professional Insurers Online Claim Survey Reporting Requirements:

COMAR 31.08.10.02

Legal Analysis

Background

The regulations implement updates and corrections identified in the Regulatory Review and Evaluation Act Evaluation Report on COMAR 31.08 which the Maryland Insurance Administration filed on March 29, 2016.

Summary of Regulations

In Chapter .01, Antiarson Application, the regulations substitute the term “insurance producer” for the obsolete terms “insurance broker” and “insurance agent” in Regulation .02A through C.

In Chapter .02, Toll-Free Telephone Number, the regulations similarly substitute “insurance producers” for the obsolete term “agents” and “insurers” for the obsolete term “companies” in Regulation .02B and C.

The only change in Chapter .03 is the addition of a citation to § 27-609 of the Insurance Article (named driver exclusion) in the authority line.

The sole change in Chapter .08, Lead Poisoning, corrects a cross-reference in Regulation .07A.

The most substantial changes are in Chapter .09, Group Self-Insurance for Workers’ Compensation. These regulations respond in part to a number of concerns raised by the MACS Workers’ Compensation Self-Insurance Group in the Regulatory Review and Evaluation Act process. In Regulation .06A, the regulations require a group to maintain as well as obtain a surety bond of not less than \$500,000 and repeals an obsolete phase-in schedule for obtaining the surety bond. In Regulation .07 on excess insurance coverage, the regulations remove a retention requirement and instead to allow a group to maintain excess coverage over a commercially available and reasonable attachment point subject to review of the commissioner. The regulation also allows the group to send the commissioner a copy of the group’s excess coverage policy under certain circumstances. In Regulation .08, the regulations clarify and amplify the application process and required information for a group self-insurer to obtain a certificate of authority. In Regulation .13, the regulations specify that each self-insuring group must submit a fiscal year-end audited financial report in conformity with generally accepted accounting principles, an actuarial opinion in compliance with certain standards, and a copy of a certain calendar-year policy, as well as a report on the financial condition of each member of the group. In Regulation .14, the regulations provide for the qualifications of an actuary to determine a rebate, and also prohibit rebates and suspensions of premiums when a group is insolvent or in a financially precarious position.

In Chapter .10, Medical Professional Insurers Online Claim Reporting Requirements, the regulations clarify language relating to certain proprietary and confidential information of insurers.

Legal Issues

The regulations present no legal issues of concern.

Statutory Authority and Legislative Intent

The administration cites numerous provisions of the Insurance Article in support of the regulations in COMAR 31.08. In particular, for Chapter .01, Antiarson Application, the administration cites § 2-109 (general regulatory authority) and Title 19, Subtitle 3 (fire insurance application). For Chapter .02, Toll-Free Telephone Number, the administration cites § 2-109 and removes § 2-112 (fees). For Chapter .03, Notices of Cancellation, Nonrenewal, Premium Increase, and Reduction in Coverage, the administration cites §§ 2-109, 27-613 (motor vehicle policies), and 27-614 (motor vehicle premium increases) and adds § 27-609 (named driver exclusion). For Chapter .08, Lead Poisoning, the administration cites § 2-109 and Title 19, Subtitle 7 (lead hazard coverage). For Chapter .09, Group Self-Insurance for Workers' Compensation, the administration cites § 2-109 and Title 25, Subtitle 3 (group self-insurance) and adds §§ 2-108 (Commissioner's general powers), 9-102 (determination of financially hazardous condition), and 27-501 (discrimination in underwriting). For Chapter .10, Medical Professional Insurers Online Claim Reporting Requirements, the administration cites §§ 4-401 (reporting medical malpractice claims or actions) and 4-405 (additional reporting requirements).

This authority is correct and complete. The regulations comply 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 administration advises that the regulations have no impact on State or local governments. 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 regulations have minimal or no impact on small businesses in the State. The Department of Legislative Services concurs.

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