

**Maryland General Assembly  
Department of Legislative Services**

**Proposed Regulation  
Maryland Insurance Administration  
(DLS Control No. 15-353)**

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**Overview and Legal and Fiscal Impact**

The regulation decreases the prima facie premium rates for group credit health insurance.

The regulation presents no legal issues of concern.

General fund premium tax revenues decrease by a minimal amount (approximately \$22,000 annually) beginning in fiscal 2016, due to a reduction in premium credit health insurance rates. Expenditures are not affected.

**Regulation of COMAR Affected**

**Maryland Insurance Administration:**

Credit Life and Credit Health Insurance: Standards for Credit Life and Credit Health Insurance: Prima Facie Premium Rates for Credit Health Insurance: COMAR 31.13.01.15

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**Legal Analysis**

**Summary of Regulation**

In Regulation .15E, the regulation decreases the maximum rates of premiums for group credit health insurance under an existing schedule of composite rates. The decrease is the result of the 2014 biennial evaluation of credit insurance loss ratios, and is the first decrease in group credit health premium rates since 2001.

The regulation also corrects a typographical error in Regulation .15A and updates the enabling authority for the chapter.

**Legal Issues**

The regulation presents no legal issues of concern.

**Statutory Authority and Legislative Intent**

The Maryland Insurance Administration cites § 2-109 (its general regulatory authority) and §§ 13-110, 13-111, and 13-112 (substantive provisions on forms of credit insurance) of the Insurance Article and § 12-312 (credit health insurance) of the Commercial Law Article as

statutory authority for the regulation and the rest of COMAR Chapter 31.13.01. The administration has limited the authority cited from the Commercial Law Article in order to reflect the one specific provision that deals with credit life and credit health insurance rather than the entire subtitle, which deals with many different aspects of credit provisions governing consumer loans.

The relevant cited authority is correct and complete. The regulation complies with the legislative intent of the law.

## **Fiscal Analysis**

General fund premium tax revenues decrease by a minimal amount (approximately \$22,000 annually) beginning in fiscal 2016, due to a reduction in premium credit health insurance rates. Expenditures are not affected.

### **Agency Estimate of Projected Fiscal Impact**

The regulation implements a prima facie rate reduction for premium credit health insurance and makes other technical changes. The Maryland Insurance Administration advises that the regulation has no impact on State or local governments. The Department of Legislative Services disagrees and notes that, as premium credit health insurance is subject to the State premium tax, premium tax revenues decline by a minimum amount beginning in fiscal 2016. Based on an estimated \$1.1 million reduction in premiums, premium tax revenues (assessed at 2% of premiums) decline by approximately \$22,000 annually.

### **Impact on Budget**

Although general fund revenues decline by a minimal amount beginning in fiscal 2016 (approximately \$22,000 annually) due to a reduction in premium tax revenues, expenditures are not affected. Thus, there is no impact on the State operating or capital budget.

### **Agency Estimate of Projected Small Business Impact**

The Maryland Insurance 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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