

**Maryland General Assembly
Department of Legislative Services**

**Proposed Regulations
Maryland Insurance Administration
(DLS Control No. 15-393)**

Overview and Legal and Fiscal Impact

The regulations update a consumer disclosure on surplus lines insurance and repeal an obsolete provision on inspection of installment vendors by the Maryland Insurance Administration.

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:

Insurance Producers and Other Insurance Professionals: Surplus Lines: Disclosure Form:
COMAR 31.03.06.09

Installment Vendors Doing Business In Maryland (Such as Auto Dealers, Boat Dealers,
Appliance Dealers, Loan Companies): Inspection by Administration:
COMAR 31.03.07.04

Legal Analysis

Summary of Regulations

In COMAR 31.03.06.09B, the regulations add language to an existing required disclosure to a consumer of surplus lines insurance, advising that recovery is also unavailable for that insurance from the Maryland Life and Health Insurance Guaranty Corporation, in addition to being unavailable from the Property and Casualty Insurance Guaranty Corporation as specified in the existing regulation. The change states that an insured with coverage from a surplus lines insurer is unable to seek recovery from funds of either entity because surplus lines insurers are not members of either entity.

In addition, the regulations repeal an obsolete provision, COMAR 31.03.07.04, which dealt with inspection of installment vendors.

Legal Issues

The regulations present no legal issues of concern.

Statutory Authority and Legislative Intent

The administration cites §§ 2-109, 3-304, 3-306, 3-307, 3-311 through 3-313, and 3-325(c) of the Insurance Article as statutory authority for the regulations. Section 2-109 establishes the general authority of the Maryland Insurance Commissioner to adopt regulations to carry out the Insurance Article. Sections 3-304, 3-306, 3-307, 3-311 through 3-313, and 3-325(c) are various specific provisions on surplus lines insurance. Although not cited by the administration, §§ 9-301(f), 9-303(5), 9-401(i)(1), and 9-405(b) of the Insurance Article are provisions on the Maryland Life and Health Insurance Guaranty Corporation.

With the addition of §§ 9-301(f), 9-303(5), 9-401(i)(1), and 9-405(b) of the Insurance Article, this authority is correct and complete. The regulations comply with the legislative intent of the law.

Technical Corrections and Special Notes

After an initial inquiry from legal staff concerning cited authority, the administration made additions to the cited authority as well as a clarification to the text of proposed COMAR 31.03.06.09.

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 economic impact on small businesses in the State. The Department of Legislative Services concurs.

Contact Information

Legal Analysis: Robert K. Smith – (410) 946/(301) 970-5350

Fiscal Analysis: Richard L. Duncan – (410) 946/(301) 970-5510