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**TESTIMONY OF
THE
MARYLAND INSURANCE ADMINISTRATION
BEFORE THE
HOUSE ECONOMIC MATTERS COMMITTEE**

MARCH 25, 2021

**SENATE BILL 226 – MARYLAND INSURANCE ADMINISTRATION - DELIVERY OF NOTICES AND
OTHER COMMUNICATIONS BY ELECTRONIC MEANS**

POSITION: SUPPORT

Thank you for the opportunity to provide written comments regarding Senate Bill 226. Senate Bill 226 updates the Insurance Article by authorizing the Maryland Insurance Administration (MIA) to send and receive certain communications by electronic means instead of sending hard copies by mail.

Currently, most notices and communications that are required to be sent by or to the Commissioner must, by statute, be sent in writing, on paper, and either by hand-delivery or mail. Depending on when a law was enacted, a statute may require first-class mail, certified mail, or first-class mail tracking. Hand delivery may be allowed in lieu of mailing. These antiquated processes have been updated with respect to communications between insurers and policyholders. For example, §27-601.2 of the Insurance Article entitled, “Delivery of notice by electronic means,” enacted in 2017, provides a statutory framework for insurance carriers to send certain cancellations, nonrenewal, premium increases and reduction in coverage notices by electronic delivery to policyholders as long as a policyholder has consented to receiving these notices by electronic delivery. That modernization does not, however, apply to communications to and from the MIA itself.

Electronic communications are preferred by licensees and by most consumers as a more rapid and reliable means of communication. This has proven particularly true during the COVID-19 pandemic, when both the MIA and industry employees have been teleworking and few places of business have returned to full in-person operations. Recent delays in deliveries by the US Postal service have further emphasized the importance of using electronic communications as a faster and more reliable delivery modality. Despite this, and even during the height of the pandemic, because of statutorily mandated mailing requirements, the MIA and licensees have been required

to staff mail rooms in order to send and receive by mail notices and communications which, in most cases, were also sent electronically for speed and efficiency.

Senate Bill 226 will allow the Commissioner to send notices and communications that currently must be sent through a paper process by electronic means, provided that the recipient has provided the Commissioner with an e-mail address to receive electronic communications. The Commissioner may require licensees to send and receive communications electronically. However, the Commissioner cannot require consumers to send or receive communications electronically, although consumers may choose to do so.

The Maryland Insurance Administration supports Senate Bill 226 and urges the Committee to give Senate Bill 226 a favorable report.