

**Regulatory Review and Evaluation Act
Evaluation Report Form
2012 – 2020**

Chapter Codification: COMAR 31.15.01

Chapter Name: Special Policies and Misleading Advertising

Authority: Insurance Article, §§2-109, 8-467, 8-468, 12-203, 12-204, 12-205, 16-112, and 27-202, Annotated Code of Maryland.

Date Originally Adopted or Last Amended: September 1, 1970

Purpose: The purpose of this chapter is to assure fair disclosure of relevant facts in the sale of life insurance and annuity contracts. This chapter is also designed to protect citizens of Maryland as purchasers and prospective purchasers of life insurance policies or annuity contracts against the use of sales methods which are misleading because of: A. The omission of facts fairly describing the subject matter as a life insurance policy or annuity contract and the benefits obtainable thereunder; B. An undue emphasis upon facts which, however true, are not relevant to the sale of life insurance or annuities; or C. An undue emphasis upon features which are of incidental or secondary importance to the life insurance aspects of a policy.

A. Review Criteria. (State Government Article, §10-132(1)(i), Annotated Code of Maryland; COMAR 01.01.2003.20E)

- (1) Do the regulations continue to be necessary for the public interest? ☒ Yes ☐ No
- (2) Do the regulations continue to be supported by statutory authority and judicial opinion? ☒ Yes ☐ No
- (3) Are the regulations obsolete or otherwise appropriate for amendment or repeal? ☐ Yes ☒ No
- (4) Are the regulations effective in accomplishing their intended purpose? ☒ Yes ☐ No

B. Outreach and Research. (State Government Article, §10-135(a)(2)(i)–(viii), Annotated Code of Maryland)

- (1) List any stakeholders invited to review the regulations and provide a summary of their participation in and input into the review process.

Insurers, producers, and consumers were alerted to the review via notices posted on the following pages of the Maryland Insurance Administration's (MIA) website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Notices included an invitation to comment, along with a contact name and information. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (2) List any other affected agencies that were invited to review the regulations and provide a summary of their participation in and input into the review process.

All State agencies were notified through publication in the *Maryland Register* and on the Secretary of State's Division of State Documents (DSD) website. No comments were received.

- (3) Describe the process used to solicit public comment, including:
- (a) any notice published in the *Maryland Register*;
 - (b) any notice published in newspapers of general circulation;
 - (c) any notice posted on the unit's website or on a Statewide website created for units to post notices of regulation review;
 - (d) any mailing by the adopting authority; and
 - (e) any public hearing held.

Notice was published in the *Maryland Register*, on the DSD website, and on the following pages of the MIA website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (4) Provide summaries of:
- (a) all comments received from stakeholders, affected units, or the public; and
 - (b) the adopting authority's responses to those comments.

N/A. No comments were received on this chapter.

- (5) Describe any interunit conflict reviewed and the resolution or proposed resolution of that conflict.

N/A.

- (6) Provide a summary of any relevant scientific data gathered.

N/A.

- (7) Provide a summary of any relevant information gathered related to the regulations of other states or the federal government.

This chapter is consistent with the National Association of Insurance Commissioners' (NAIC) Model Regulation entitled "Advertisements of Life Insurance and Annuities Model Regulation," Model MDL-570.

- (8) Provide a summary of any other relevant information gathered.

N/A.

C. Under COMAR 01.01.2003.20E(3), does the agency have any existing policy statements, guidelines, or standards being applied or enforced which should be promulgated as regulations, in accordance with the Administrative Procedure Act? ☐ Yes ☒ No

Has the agency promulgated all regulations required by recent legislation? ☒ Yes ☐ No

Provide explanations of the above responses, as needed:

N/A. There are no existing policy statements, guidelines, or standards pertaining to fair disclosure of relevant facts in the sale of life insurance and annuity contracts being applied or enforced which should be promulgated as regulations in accordance with the Administrative Procedure Act. Likewise, there is no recent legislation pertaining to fair disclosure of relevant facts in the sale of life insurance and annuity contracts requiring promulgation of regulations or amendments to COMAR 31.15.01.

D. **Actions Needed.** (State Government Article, §10-135(a)(2)(ix) – (xi), Annotated Code of Maryland)
(check all that apply)

- ☒ no action
- ☐ amendment
- ☐ repeal
- ☐ repeal and adopt new regulations
- ☐ reorganization

Summary:

This chapter continues to be necessary for the public interest, and continues to be supported by statutory authority and judicial opinions. No action is recommended at this time.

Person performing review:

Catherine Grason

Title:

Director of Regulatory
Affairs, Office of the
Commissioner

**Regulatory Review and Evaluation Act
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Chapter Codification: COMAR 31.15.02

Chapter Name: Advertisements of All Insurance Contracts Which Include Any Accident, Sickness, Hospital, Surgical or Medical Coverages

Authority: Insurance Article, §§2-109 and 27-203, Annotated Code of Maryland

Date Originally Adopted or Last Amended: November 25, 2013

NOTE: This chapter was amended effective 11/25/13; however the MIA did not claim an exemption for this chapter in its Work Plan for COMAR 31.15, therefore the MIA is submitting this report.

Purpose: The purpose of this chapter is to set forth requirements and detail prohibited practices related to the advertisement of all insurance contracts which include any accident, sickness, hospital, surgical, or medical coverages.

A. Review Criteria. (State Government Article, §10-132(1)(i), Annotated Code of Maryland; COMAR 01.01.2003.20E)

- (1) Do the regulations continue to be necessary for the public interest? ☒ Yes ☐ No
- (2) Do the regulations continue to be supported by statutory authority and judicial opinion? ☒ Yes ☐ No
- (3) Are the regulations obsolete or otherwise appropriate for amendment or repeal? ☐ Yes ☒ No
- (4) Are the regulations effective in accomplishing their intended purpose? ☒ Yes ☐ No

B. Outreach and Research. (State Government Article, §10-135(a)(2)(i)–(viii), Annotated Code of Maryland)

- (1) List any stakeholders invited to review the regulations and provide a summary of their participation in and input into the review process.

Insurers, producers, and consumers were alerted to the review via notices posted on the following pages of the Maryland Insurance Administration's (MIA) website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Notices included an invitation to comment, along with a contact name and information. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (2) List any other affected agencies that were invited to review the regulations and provide a summary of their participation in and input into the review process.

All State agencies were notified through publication in the *Maryland Register* and on the Secretary of State's Division of State Documents (DSD) website. No comments were received.

- (3) Describe the process used to solicit public comment, including:
- (a) any notice published in the *Maryland Register*;
 - (b) any notice published in newspapers of general circulation;
 - (c) any notice posted on the unit's website or on a Statewide website created for units to post notices of regulation review;
 - (d) any mailing by the adopting authority; and
 - (e) any public hearing held.

Notice was published in the *Maryland Register*, on the DSD website, and on the following pages of the MIA website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (4) Provide summaries of:
- (a) all comments received from stakeholders, affected units, or the public; and
 - (b) the adopting authority's responses to those comments.

N/A. No comments were received on this chapter.

- (5) Describe any interunit conflict reviewed and the resolution or proposed resolution of that conflict.

N/A.

- (6) Provide a summary of any relevant scientific data gathered.

N/A.

- (7) Provide a summary of any relevant information gathered related to the regulations of other states or the federal government.

This chapter is consistent with the National Association of Insurance Commissioners' (NAIC) Model Regulation entitled, "Advertisements of Accident and Sickness Insurance Model Regulation," Model MDL-40.

- (8) Provide a summary of any other relevant information gathered.

N/A.

C. Under COMAR 01.01.2003.20E(3), does the agency have any existing policy statements, guidelines, or standards being applied or enforced which should be promulgated as regulations, in accordance with the Administrative Procedure Act? ☐ Yes ☒ No

Has the agency promulgated all regulations required by recent legislation? ☒ Yes ☐ No

Provide explanations of the above responses, as needed:

N/A. There are no existing policy statements, guidelines, or standards pertaining to requirements and prohibited practices related to the advertisement of insurance contracts, which include any accident, sickness, hospital, surgical or medical coverages, being applied or enforced which should be promulgated as regulations in accordance with the Administrative Procedure Act. Likewise, there is no recent legislation pertaining to requirements and prohibited practices related to the advertisement of insurance contracts, which include any accident, sickness, hospital, surgical or medical coverages, requiring promulgation of regulations or amendments to COMAR 31.15.02.

D. **Actions Needed.** (State Government Article, §10-135(a)(2)(ix) – (xi), Annotated Code of Maryland)
(check all that apply)

- ☒ no action
- ☐ amendment
- ☐ repeal
- ☐ repeal and adopt new regulations
- ☐ reorganization

Summary:

This chapter continues to be necessary for the public interest, and continues to be supported by statutory authority and judicial opinions. Amendments to this chapter were made in 2013. The purpose of the 2013 amendments was to update Maryland marketing standards to meet those set forth by the federal government in 45 C.F.R. 147.104(e), which prohibits marketing practices or benefit designs that will have the effect of discouraging the enrollment of individuals with significant health needs in health insurance coverage, and to make other nonsubstantive updates to the regulations. No further action is recommended at this time.

Person performing review:

Catherine Grason

Title:

Director of Regulatory
Affairs, Office of the
Commissioner

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Chapter Codification: COMAR 31.15.04

Chapter Name: Solicitation of Annuity and Deposit Fund Contracts

Authority: Insurance Article, §§2-109 and 27-202, Annotated Code of Maryland

Date Originally Adopted or Last Amended: January 1, 1980

Purpose: The purpose of this chapter is to require insurers to deliver to prospects for annuity contracts or for deposit funds accepted in conjunction with life insurance policies or annuity contracts, information which helps the prospect select an annuity or deposit fund, or both, appropriate to the prospect's needs, improves the prospect's understanding of the basic features of the plan under consideration and improves the prospect's ability to evaluate the relative benefits of similar plans.

A. Review Criteria. (State Government Article, §10-132(1)(i), Annotated Code of Maryland; COMAR 01.01.2003.20E)

- (1) Do the regulations continue to be necessary for the public interest? ☒ Yes ☐ No
- (2) Do the regulations continue to be supported by statutory authority and judicial opinion? ☒ Yes ☐ No
- (3) Are the regulations obsolete or otherwise appropriate for amendment or repeal? ☒ Yes ☐ No
- (4) Are the regulations effective in accomplishing their intended purpose? ☒ Yes ☐ No

B. Outreach and Research. (State Government Article, §10-135(a)(2)(i)–(viii), Annotated Code of Maryland)

- (1) List any stakeholders invited to review the regulations and provide a summary of their participation in and input into the review process.

Insurers, producers, and consumers were alerted to the review via notices posted on the following pages of the Maryland Insurance Administration's (MIA) website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Notices included an invitation to comment, along with a contact name and information. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (2) List any other affected agencies that were invited to review the regulations and provide a summary of their participation in and input into the review process.

All State agencies were notified through publication in the *Maryland Register* and on the Secretary of State's Division of State Documents (DSD) website. No comments were received.

- (3) Describe the process used to solicit public comment, including:

- (a) any notice published in the *Maryland Register*;
- (b) any notice published in newspapers of general circulation;
- (c) any notice posted on the unit's website or on a Statewide website created for units to post notices of regulation review;
- (d) any mailing by the adopting authority; and
- (e) any public hearing held.

Notice was published in the *Maryland Register*, on the DSD website, and on the following pages of the MIA website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (4) Provide summaries of:

- (a) all comments received from stakeholders, affected units, or the public; and
- (b) the adopting authority's responses to those comments.

N/A. No comments were received on this chapter.

- (5) Describe any interunit conflict reviewed and the resolution or proposed resolution of that conflict.

N/A.

- (6) Provide a summary of any relevant scientific data gathered.

N/A.

- (7) Provide a summary of any relevant information gathered related to the regulations of other states or the federal government.

The National Association of Insurance Commissioners ("NAIC") has developed an "Annuity Disclosure Model Regulation," Model MDL-245, that addresses many of the same issues as this chapter. The NAIC Model MDL-245 was adopted by the NAIC in 1999 and has been amended in 2011 and in 2013. The current Maryland regulations deal with annuities and deposit fund contracts, while the NAIC Model deals only with annuities. The NAIC Model provides more detailed requirements for annuity illustrations than this chapter.

(8) Provide a summary of any other relevant information gathered.

N/A.

C. Under COMAR 01.01.2003.20E(3), does the agency have any existing policy statements, guidelines, or standards being applied or enforced which should be promulgated as regulations, in accordance with the Administrative Procedure Act? ☐ Yes ☒ No

Has the agency promulgated all regulations required by recent legislation? ☒ Yes ☐ No

Provide explanations of the above responses, as needed:

N/A. There are no existing policy statements, guidelines, or standards pertaining to information required to be delivered to prospects for annuity contracts or for deposit funds accepted in conjunction with life insurance policies or annuity contracts being applied or enforced which should be promulgated as regulations in accordance with the Administrative Procedure Act. Likewise, there is no recent legislation pertaining to requirements and prohibited practices related to information required to be delivered to prospects for annuity contracts or for deposit funds accepted in conjunction with life insurance policies or annuity contracts requiring promulgation of regulations or amendments to COMAR 31.15.04.

D. **Actions Needed.** (State Government Article, §10-135(a)(2)(ix) – (xi), Annotated Code of Maryland)
(check all that apply)

- no action
- x amendment
- repeal
- repeal and adopt new regulations
- reorganization

Summary:

This chapter continues to be necessary for the public interest, and continues to be supported by statutory authority and judicial opinions. The MIA recommends that this chapter be amended to conform to the NAIC Annuity Disclosure Model Regulation with regard disclosures for annuities. It is also recommended that the other requirements in the current chapter that apply to Deposit Fund Contracts be maintained.

Person performing review:

Catherine Grason

Title:

Director of Regulatory
Affairs, Office of the
Commissioner

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Chapter Codification: COMAR 31.15.05

Chapter Name: Insurer's Financial Statements

Authority: Insurance Article, §§2-109, 7-103, 7-104, and 27-205(a), Annotated Code of Maryland

Date Originally Adopted or Last Amended: April 10, 1970

Purpose: The purpose of this chapter is to protect the public from untrue, deceptive, misleading, or false statements of financial condition of an insurer. It is applicable to all persons licensed to conduct the business of insurance in Maryland.

A. Review Criteria. (State Government Article, §10-132(1)(i), Annotated Code of Maryland; COMAR 01.01.2003.20E)

- (1) Do the regulations continue to be necessary for the public interest? ☒ Yes ☐ No
- (2) Do the regulations continue to be supported by statutory authority and judicial opinion? ☒ Yes ☐ No
- (3) Are the regulations obsolete or otherwise appropriate for amendment or repeal? ☐ Yes ☒ No
- (4) Are the regulations effective in accomplishing their intended purpose? ☒ Yes ☐ No

B. Outreach and Research. (State Government Article, §10-135(a)(2)(i)–(viii), Annotated Code of Maryland)

- (1) List any stakeholders invited to review the regulations and provide a summary of their participation in and input into the review process.

Insurers, producers, and consumers were alerted to the review via notices posted on the following pages of the Maryland Insurance Administration's (MIA) website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Notices included an invitation to comment, along with a contact name and information. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (2) List any other affected agencies that were invited to review the regulations and provide a summary of their participation in and input into the review process.

All State agencies were notified through publication in the *Maryland Register* and on the DSD website. No comments were received.

- (3) Describe the process used to solicit public comment, including:
- (a) any notice published in the Maryland Register;
 - (b) any notice published in newspapers of general circulation;
 - (c) any notice posted on the unit's website or on a Statewide website created for units to post notices of regulation review;
 - (d) any mailing by the adopting authority; and
 - (e) any public hearing held.

Notice was published in the *Maryland Register*, on the DSD website, and on the following pages of the MIA website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (4) Provide summaries of:
- (a) all comments received from stakeholders, affected units, or the public; and
 - (b) the adopting authority's responses to those comments.

N/A. There were no comments received on this chapter.

- (5) Describe any inter unit conflict reviewed and the resolution or proposed resolution of that conflict.

N/A.

- (6) Provide a summary of any relevant scientific data gathered.

N/A.

- (7) Provide a summary of any relevant information gathered related to the regulations of other states or the federal government.

The MIA consulted the National Association of Insurance Commissioners' (NAIC) "Unfair Trade Practices Act" (Model 880) in reviewing this chapter. This chapter generally follows the NAIC Model Law, which has been substantially adopted by 45 states and the District of Columbia.

- (8) Provide a summary of any other relevant information gathered.

N/A.

C. Under COMAR 01.01.2003.20E(3), does the agency have any existing policy statements, guidelines, or standards being applied or enforced which should be promulgated as regulations, in accordance with the Administrative Procedure Act? ☐ Yes ☒ No

Has the agency promulgated all regulations required by recent legislation? ☒ Yes ☐ No

Provide explanations of the above responses, as needed:

N/A. There are no existing policy statements, guidelines, or standards to protect the public from untrue, deceptive, misleading, or false statements of financial condition of an insurer that should be promulgated as regulations in accordance with the Administrative Procedure Act. Likewise, there is no recent legislation pertaining to protecting the public from untrue, deceptive, misleading, or false statements of financial condition of an insurer being applied or enforced requiring promulgation of regulations or amendments to COMAR 31.15.05.

D. **Actions Needed.** (State Government Article, §10-135(a)(2)(ix) – (xi), Annotated Code of Maryland)
(check all that apply)

- ☒ no action
- ☐ amendment
- ☐ repeal
- ☐ repeal and adopt new regulations
- ☐ reorganization

Summary:

This chapter continues to be necessary for the public interest, and continues to be supported by statutory authority and judicial opinions. This chapter is needed as guidance to protect the public from untrue, deceptive, misleading, or false statements of financial condition of an insurer; therefore, the MIA recommends no changes to this chapter at this time.

Person performing review: Catherine Grason

Title: Director of Regulatory
Affairs, Office of the
Commissioner

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Chapter Codification: COMAR 31.15.06

Chapter Name: Filing or Service Fees in Connection with Certifications of Financial Responsibility

Authority: Insurance Article, §§2-109 and 27-216(b), Annotated Code of Maryland.

Date Originally Adopted or Last Amended: May 1, 1968

Purpose: The purpose of this chapter is to prohibit any charge in addition to the established premium as filed with the Maryland Insurance Administration by the writing company, as a so-called filing or service fee in connection with the writing of any motor vehicle liability or property damage policy, or both, or the filing of any certificate of financial responsibility with the Motor Vehicle Administration in connection with any policy.

A. Review Criteria. (State Government Article, §10-132(1)(i), Annotated Code of Maryland; COMAR 01.01.2003.20E)

- (1) Do the regulations continue to be necessary for the public interest? ☒ Yes ☐ No
- (2) Do the regulations continue to be supported by statutory authority and judicial opinion? ☒ Yes ☐ No
- (3) Are the regulations obsolete or otherwise appropriate for amendment or repeal? ☒ Yes ☐ No
- (4) Are the regulations effective in accomplishing their intended purpose? ☒ Yes ☐ No

B. Outreach and Research. (State Government Article, §10-135(a)(2)(i)–(viii), Annotated Code of Maryland)

- (1) List any stakeholders invited to review the regulations and provide a summary of their participation in and input into the review process.

Insurers, producers, and consumers were alerted to the review via notices posted on the following pages of the Maryland Insurance Administration's (MIA) website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Notices included an invitation to comment, along with a contact name and information. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (2) List any other affected agencies that were invited to review the regulations and provide a summary of their participation in and input into the review process.

All State agencies were notified through publication in the *Maryland Register* and on the Secretary of State's Division of State Documents (DSD) website. No comments were received.

- (3) Describe the process used to solicit public comment, including:
- (a) any notice published in the *Maryland Register*;
 - (b) any notice published in newspapers of general circulation;
 - (c) any notice posted on the unit's website or on a Statewide website created for units to post notices of regulation review;
 - (d) any mailing by the adopting authority; and
 - (e) any public hearing held.

Notice was published in the *Maryland Register*, on the DSD website, and on the following pages of the MIA website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (4) Provide summaries of:
- (a) all comments received from stakeholders, affected units, or the public; and
 - (b) the adopting authority's responses to those comments.

N/A. No comments were received on this chapter.

- (5) Describe any interunit conflict reviewed and the resolution or proposed resolution of that conflict.

N/A.

- (6) Provide a summary of any relevant scientific data gathered.

N/A.

- (7) Provide a summary of any relevant information gathered related to the regulations of other states or the federal government.

N/A.

- (8) Provide a summary of any other relevant information gathered.

N/A.

C. Under COMAR 01.01.2003.20E(3), does the agency have any existing policy statements, guidelines, or standards being applied or enforced which should be promulgated as regulations, in accordance with the Administrative Procedure Act? ☐ Yes ☒ No

Has the agency promulgated all regulations required by recent legislation? ☒ Yes ☐ No

Provide explanations of the above responses, as needed:

N/A. There are no existing policy statements, guidelines, or standards pertaining to the charge of a filing or service fee in connection with the writing of any motor vehicle liability or property damage policy, or both, or the filing of any certificate of financial responsibility with the Motor Vehicle Administration in connection with any policy, being applied or enforced which should be promulgated as regulations in accordance with the Administrative Procedure Act. Likewise, there is no recent legislation pertaining to the charge of a filing or service fee in connection with the writing of any motor vehicle liability or property damage policy, or both, or the filing of any certificate of financial responsibility with the Motor Vehicle Administration in connection with any policy, requiring promulgation of regulations or amendments to COMAR 31.15.06.

D. **Actions Needed.** (State Government Article, §10-135(a)(2)(ix) – (xi), Annotated Code of Maryland)
(check all that apply)

no action

x amendment

repeal

repeal and adopt new regulations

reorganization

Summary:

This chapter continues to be necessary for the public interest, and continues to be supported by statutory authority and judicial opinions.

The chapter requires a technical amendment to repeal an obsolete reference to the Insurance Division of the Department of Licensing and Regulation (now the Department of Labor, Licensing and Regulation) and replace it with a reference to the Maryland Insurance Administration.

Person performing review:

Catherine Grason

Title:

Director of Regulatory
Affairs, Office of the
Commissioner

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Chapter Codification: COMAR 31.15.07

Chapter Name: Payment of Claims Under Property and Casualty and Title Insurance Policies

Authority: Insurance Article, §§1-301, 2-109, 2-205, 2-207, 4-113, 10-126, 10-401--10-406, 10-410, 19-505, 19-506, 19-508, and 27-301--27-306, Annotated Code of Maryland

Date Originally Adopted or Last Amended: January 14, 2010

Purpose: The purpose of this chapter is to set forth certain claims administration protocol and to define unfair claims settlement practices for property, casualty, and title insurers.

A. Review Criteria. (State Government Article, §10-132(1)(i), Annotated Code of Maryland; COMAR 01.01.2003.20E)

- (1) Do the regulations continue to be necessary for the public interest? ☒ Yes ☐ No
- (2) Do the regulations continue to be supported by statutory authority and judicial opinion? ☒ Yes ☐ No
- (3) Are the regulations obsolete or otherwise appropriate for amendment or repeal? ☒ Yes ☐ No
- (4) Are the regulations effective in accomplishing their intended purpose? ☒ Yes ☐ No

B. Outreach and Research. (State Government Article, §10-135(a)(2)(i)–(viii), Annotated Code of Maryland)

- (1) List any stakeholders invited to review the regulations and provide a summary of their participation in and input into the review process.

Insurers, producers, and consumers were alerted to the review via notices posted on the following pages of the Maryland Insurance Administration's (MIA) website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Notices included an invitation to comment, along with a contact name and information. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (2) List any other affected agencies that were invited to review the regulations and provide a summary of their participation in and input into the review process.

All State agencies were notified through publication in the *Maryland Register* and on the Secretary of State's Division of State Documents (DSD) website. No comments were received.

- (3) Describe the process used to solicit public comment, including:
- (a) any notice published in the *Maryland Register*;
 - (b) any notice published in newspapers of general circulation;
 - (c) any notice posted on the unit's website or on a Statewide website created for units to post notices of regulation review;
 - (d) any mailing by the adopting authority; and
 - (e) any public hearing held.

Notice was published in the *Maryland Register*, on the DSD website, and on the following pages of the MIA website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (4) Provide summaries of:
- (a) all comments received from stakeholders, affected units, or the public; and
 - (b) the adopting authority's responses to those comments.

N/A. No comments were received on this chapter.

- (5) Describe any interunit conflict reviewed and the resolution or proposed resolution of that conflict.

N/A.

- (6) Provide a summary of any relevant scientific data gathered.

N/A.

(7) Provide a summary of any relevant information gathered related to the regulations of other states or the federal government.

The MIA reviewed the National Association of Insurance Commissioners' (NAIC) "Unfair Claims Settlement Practices Act" (MDL-900) and "Unfair Property/Casualty Claims Settlement Practices Model Regulation" (MDL-902). The COMAR regulations are generally consistent with the NAIC Model Act and Model Regulation.

The MIA also reviewed part of the NAIC Market Regulation Handbook that contains the methodology for selecting a sample to establish a general business practice violation. While the methodology contained in the NAIC Market Regulation Handbook differs from the methodology contained in COMAR 31.15.07.09, the methodology contained in Regulation .09 is sufficient and no change is recommended at this time.

(8) Provide a summary of any other relevant information gathered.

N/A.

C. Under COMAR 01.01.2003.20E(3), does the agency have any existing policy statements, guidelines, or standards being applied or enforced which should be promulgated as regulations, in accordance with the Administrative Procedure Act? ☐ Yes ☒ No

Has the agency promulgated all regulations required by recent legislation? ☒ Yes ☐ No

Provide explanations of the above responses, as needed:

N/A. There are no existing policy statements, guidelines, or standards pertaining to claims administration protocol and unfair claims settlement practices for property, casualty, and title insurers being applied or enforced which should be promulgated as regulations in accordance with the Administrative Procedure Act. Likewise, there is no recent legislation pertaining to claims administration protocol and unfair claims settlement practices for property, casualty, and title insurers requiring promulgation of regulations or amendments to COMAR 31.15.07.

D. **Actions Needed.** (State Government Article, §10-135(a)(2)(ix) – (xi), Annotated Code of Maryland)
(check all that apply)

no action

x amendment

repeal

repeal and adopt new regulations

reorganization

Summary:

This chapter continues to be necessary for the public interest, and continues to be supported by statutory authority and judicial opinions.

Technical amendments are needed as follows:

- The authority line needs to be amended to repeal an unnecessary reference to Insurance Article, §§10-401 – 406, Annotated Code of Maryland;
- Regulation .02B(7)(c) needs to be amended to correct an inaccurate cross reference to the definition of “appointment” in the Insurance Article.

Person performing review:

Catherine Grason

Title:

Director of Regulatory
Affairs, Office of the
Commissioner

**Regulatory Review and Evaluation Act
Evaluation Report Form
2012 – 2020**

Chapter Codification:

COMAR 31.15.08

Chapter Name:

Payment of Claims Under Life and Health Policies and Annuity Contracts

Authority:

Health-General Article, §19-706(g); Insurance Article, §§ 1-301, 2-109, 2-205, 2-207, 4-113, 4-114, 10-102, 10-103, 10-126, 10-131, 10-401, 10-406, 10-410, 14-112, 14-407, 14-408, 14-409, 15-1005, 27-102, Title 15, Subtitle 7, and Title 27, Subtitle 3, Annotated Code of Maryland.

Date Originally Adopted or Last Amended:

October 13, 2014

NOTE: This chapter was amended effective 10/13/14; however the MIA did not claim an exemption for this chapter in its Work Plan for COMAR 31.15, therefore the MIA is submitting this report.

Purpose:

The purpose of this chapter is to set forth certain claims administration protocol and to define unfair claims settlement practices for life, health, and annuity insurers, including nonprofit health service plans, fraternal benefit societies, health maintenance organizations, and dental plan organizations, issuing life and health policies and annuity contracts.

A. Review Criteria. (State Government Article, §10-132(1)(i), Annotated Code of Maryland; COMAR 01.01.2003.20E)

- (1) Do the regulations continue to be necessary for the public interest? ☒ Yes ☐ No
- (2) Do the regulations continue to be supported by statutory authority and judicial opinion? ☒ Yes ☐ No
- (3) Are the regulations obsolete or otherwise appropriate for amendment or repeal? ☐ Yes ☒ No
- (4) Are the regulations effective in accomplishing their intended purpose? ☒ Yes ☐ No

B. Outreach and Research. (State Government Article, §10-135(a)(2)(i)–(viii), Annotated Code of Maryland)

- (1) List any stakeholders invited to review the regulations and provide a summary of their participation in and input into the review process.

Insurers, producers, and consumers were alerted to the review via notices posted on the following pages of the Maryland Insurance Administration's (MIA) website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Notices included an invitation to comment, along with a contact name and information. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (2) List any other affected agencies that were invited to review the regulations and provide a summary of their participation in and input into the review process.

All State agencies were notified through publication in the *Maryland Register* and on the Secretary of State's Division of State Documents (DSD) website. No comments were received.

- (3) Describe the process used to solicit public comment, including:
- (a) any notice published in the *Maryland Register*;
 - (b) any notice published in newspapers of general circulation;
 - (c) any notice posted on the unit's website or on a Statewide website created for units to post notices of regulation review;
 - (d) any mailing by the adopting authority; and
 - (e) any public hearing held.

Notice was published in the *Maryland Register*, on the DSD website, and on the following pages of the MIA website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (4) Provide summaries of:
- (a) all comments received from stakeholders, affected units, or the public; and
 - (b) the adopting authority's responses to those comments.

N/A. No comments were received on this chapter.

- (5) Describe any interunit conflict reviewed and the resolution or proposed resolution of that conflict.

N/A.

- (6) Provide a summary of any relevant scientific data gathered.

N/A.

- (7) Provide a summary of any relevant information gathered related to the regulations of other states or the federal government.

The MIA reviewed the National Association of Insurance Commissioners' (NAIC) Model Law entitled "Unfair Claims Settlement Practices Act" (MDL-900), and the NAIC's Model Regulation, entitled "Unfair Life, Accident and Health Claims Settlement Practices Model Regulation" (MDL-903), which are substantially similar to Maryland's law and corresponding regulation; however, not all provisions are included in the Maryland regulation, as the scope of Maryland's regulation is not as broad as the NAIC Model Regulation.

(8) Provide a summary of any other relevant information gathered.

N/A.

C. Under COMAR 01.01.2003.20E(3), does the agency have any existing policy statements, guidelines, or standards being applied or enforced which should be promulgated as regulations, in accordance with the Administrative Procedure Act? ☐ Yes ☒ No

Has the agency promulgated all regulations required by recent legislation? ☒ Yes ☐ No

Provide explanations of the above responses, as needed:

N/A. There are no existing policy statements, guidelines, or standards pertaining to claims administration protocol or unfair claims settlement practices being applied or enforced which should be promulgated as regulations in accordance with the Administrative Procedure Act. Likewise, there is no recent legislation pertaining to claims administration protocol or unfair claims settlement practices requiring promulgation of regulations or amendments to COMAR 31.15.08.

D. **Actions Needed.** (State Government Article, §10-135(a)(2)(ix) – (xi), Annotated Code of Maryland)
(check all that apply)

no action

x amendment

repeal

repeal and adopt new regulations

reorganization

Summary:

This chapter continues to be necessary for the public interest, and continues to be supported by statutory authority and judicial opinions.

The MIA will propose technical amendments as follows:

- Remove §8-455 from the enabling authority as it has been repealed from the Insurance Article;
- Remove the following Insurance Article sections from the enabling authority as they are not relevant: §§10-118, 10-130, 14-124, 14-416, and 15-1004; and
- Add §4-114 from the Insurance Article to the enabling authority as it is appropriate and relevant.

Person performing review:

Catherine Grason

Title:

Director of Regulatory
Affairs, Office of the
Commissioner

**Regulatory Review and Evaluation Act
Evaluation Report Form
2012 – 2020**

Chapter Codification: COMAR 31.15.09

Chapter Name: Automobile Liability Insurance

Authority: Insurance Article, §§2-109 and 10-126, Annotated Code of Maryland.

Date Originally Adopted or Last Amended: May 1, 1968

Purpose: The purpose of this chapter is to prohibit a certain practice by automobile liability insurance agents whereby an insured requests cancellation of a policy while under duress created by the agent.

A. Review Criteria. (State Government Article, §10-132(1)(i), Annotated Code of Maryland; COMAR 01.01.2003.20E)

- (1) Do the regulations continue to be necessary for the public interest? ☒ Yes ☐ No
- (2) Do the regulations continue to be supported by statutory authority and judicial opinion? ☒ Yes ☐ No
- (3) Are the regulations obsolete or otherwise appropriate for amendment or repeal? ☐ Yes ☒ No
- (4) Are the regulations effective in accomplishing their intended purpose? ☒ Yes ☐ No

B. Outreach and Research. (State Government Article, §10-135(a)(2)(i)–(viii), Annotated Code of Maryland)

- (1) List any stakeholders invited to review the regulations and provide a summary of their participation in and input into the review process.

Insurers, producers, and consumers were alerted to the review via notices posted on the following pages of the Maryland Insurance Administration's (MIA) website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Notices included an invitation to comment, along with a contact name and information. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (2) List any other affected agencies that were invited to review the regulations and provide a summary of their participation in and input into the review process.

All State agencies were notified through publication in the *Maryland Register* and on the Secretary of State's Division of State Documents (DSD) website. No comments were received.

- (3) Describe the process used to solicit public comment, including:
- (a) any notice published in the *Maryland Register*;
 - (b) any notice published in newspapers of general circulation;
 - (c) any notice posted on the unit's website or on a Statewide website created for units to post notices of regulation review;
 - (d) any mailing by the adopting authority; and
 - (e) any public hearing held.

Notice was published in the *Maryland Register*, on the DSD website, and on the following pages of the MIA website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (4) Provide summaries of:
- (a) all comments received from stakeholders, affected units, or the public; and
 - (b) the adopting authority's responses to those comments.

N/A. No comments were received on this chapter.

- (5) Describe any interunit conflict reviewed and the resolution or proposed resolution of that conflict.

N/A.

- (6) Provide a summary of any relevant scientific data gathered.

N/A.

- (7) Provide a summary of any relevant information gathered related to the regulations of other states or the federal government.

N/A.

(8) Provide a summary of any other relevant information gathered.

N/A.

C. Under COMAR 01.01.2003.20E(3), does the agency have any existing policy statements, guidelines, or standards being applied or enforced which should be promulgated as regulations, in accordance with the Administrative Procedure Act? ☐ Yes ☒ No

Has the agency promulgated all regulations required by recent legislation? ☒ Yes ☐ No

Provide explanations of the above responses, as needed:

N/A. There are no existing policy statements, guidelines, or standards pertaining to certain duress to insureds caused by certain automobile liability insurance agents being applied or enforced which should be promulgated as regulations in accordance with the Administrative Procedure Act. Likewise, there is no recent legislation pertaining to certain duress to insureds caused by certain automobile liability insurance agents requiring promulgation of regulations or amendments to COMAR 31.15.09.

D. **Actions Needed.** (State Government Article, §10-135(a)(2)(ix) – (xi), Annotated Code of Maryland)
(check all that apply)

- ☒ no action
- ☐ amendment
- ☐ repeal
- ☐ repeal and adopt new regulations
- ☐ reorganization

Summary:

This chapter continues to be necessary for the public interest, and continues to be supported by statutory authority and judicial opinions. No changes are recommended at this time.

Person performing review:

Catherine Grason

Title:

Director of Regulatory
Affairs, Office of the
Commissioner

**Regulatory Review and Evaluation Act
Evaluation Report Form
2012 – 2020**

Chapter Codification: COMAR 31.15.10

Chapter Name: Homeowner's Insurance and Private Passenger Motor Vehicle Insurance—Standards for Cancellation and Nonrenewal

Authority: Insurance Article, §§2-109 and 27-501, Annotated Code of Maryland; Chapters 651 and 652, Acts of 1998.

Date Originally Adopted or Last Amended: March 6, 2000

Purpose: The purpose of this chapter is to set forth standards for the cancellation and renewal of homeowner's and private passenger motor vehicle insurance.

A. Review Criteria. (State Government Article, §10-132(1)(i), Annotated Code of Maryland; COMAR 01.01.2003.20E)

- (1) Do the regulations continue to be necessary for the public interest? ☒ Yes ☐ No
- (2) Do the regulations continue to be supported by statutory authority and judicial opinion? ☒ Yes ☐ No
- (3) Are the regulations obsolete or otherwise appropriate for amendment or repeal? ☒ Yes ☐ No
- (4) Are the regulations effective in accomplishing their intended purpose? ☒ Yes ☐ No

B. Outreach and Research. (State Government Article, §10-135(a)(2)(i)–(viii), Annotated Code of Maryland)

- (1) List any stakeholders invited to review the regulations and provide a summary of their participation in and input into the review process.

Insurers, producers, and consumers were alerted to the review via notices posted on the following pages of the Maryland Insurance Administration's (MIA) website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Notices included an invitation to comment, along with a contact name and information. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (2) List any other affected agencies that were invited to review the regulations and provide a summary of their participation in and input into the review process.

All State agencies were notified through publication in the *Maryland Register* and on the Secretary of State's Division of State Documents (DSD) website. No comments were received.

- (3) Describe the process used to solicit public comment, including:
- (a) any notice published in the *Maryland Register*;
 - (b) any notice published in newspapers of general circulation;
 - (c) any notice posted on the unit's website or on a Statewide website created for units to post notices of regulation review;
 - (d) any mailing by the adopting authority; and
 - (e) any public hearing held.

Notice was published in the *Maryland Register*, on the DSD website, and on the following pages of the MIA website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (4) Provide summaries of:
- (a) all comments received from stakeholders, affected units, or the public; and
 - (b) the adopting authority's responses to those comments.

N/A. No comments were received on this chapter.

- (5) Describe any interunit conflict reviewed and the resolution or proposed resolution of that conflict.

N/A.

- (6) Provide a summary of any relevant scientific data gathered.

N/A.

- (7) Provide a summary of any relevant information gathered related to the regulations of other states or the federal government.

N/A.

- (8) Provide a summary of any other relevant information gathered.

N/A.

C. Under COMAR 01.01.2003.20E(3), does the agency have any existing policy statements, guidelines, or standards being applied or enforced which should be promulgated as regulations, in accordance with the Administrative Procedure Act? ☐ Yes ☒ No

Has the agency promulgated all regulations required by recent legislation? ☒ Yes ☐ No

Provide explanations of the above responses, as needed:

N/A. There are no existing policy statements, guidelines, or standards pertaining to the cancellation and non-renewal of homeowner's and private passenger motor vehicle insurance being applied or enforced which should be promulgated as regulations in accordance with the Administrative Procedure Act. Likewise, there is no recent legislation pertaining to the cancellation and non-renewal of homeowner's and private passenger motor vehicle insurance requiring promulgation of regulations or amendments to COMAR 31.15.10.

D. **Actions Needed.** (State Government Article, §10-135(a)(2)(ix) – (xi), Annotated Code of Maryland)
(check all that apply)

no action

x amendment

repeal

repeal and adopt new regulations

reorganization

Summary:

This chapter continues to be necessary for the public interest, and continues to be supported by statutory authority and judicial opinions.

Technical amendments are needed to repeal citations of chapter laws that are no longer necessary since the chapter laws have taken effect. Additionally, Regulation .04D needs to be amended to add a cross reference to §27-610 of the Insurance Article.

Person performing review:

Catherine Grason

Title:

Director of Regulatory
Affairs, Office of the
Commissioner

**Regulatory Review and Evaluation Act
Evaluation Report Form
2012 – 2020**

Chapter Codification:

COMAR 31.15.11

Chapter Name:

Use of Credit History in Underwriting and Rate Making

Authority:

Insurance Article, §§2-109, 11-101, 11-306, 11-307, 27-212(d), 27-406, 27-501, and 27-605; Annotated Code of Maryland; Ch. 580, Acts of 2002.

Date Originally Adopted or Last Amended:

October 14, 2002

Purpose:

The purpose of this chapter is to:

- (1) Implement Ch. 580, Acts of 2002, which with respect to homeowner's insurance, prohibits an insurer from using credit history to underwrite or rate a risk or require a particular payment plan, and with respect to private passenger motor vehicle insurance, prohibits an insurer from using credit history to underwrite a risk, increase a renewal premium, or require a particular payment plan and restricts the manner in which an insurer may use credit history to rate a new private passenger motor vehicle policy;
- (2) Clarify the steps an insurer or insurance producer is required to take to determine if an applicant or insured has credit history after an initial inquiry fails to generate a credit report, credit score, or other credit history;
- (3) Codify the best price rule with respect to the use of credit criteria or a credit score in an insurer's rate-making standards; and
- (4) Require insurers that use credit history for rating purposes, with respect to private passenger motor vehicle insurance, to provide the Insurance Commissioner with the underlying information that the Insurance Commissioner needs to ensure that the insurers use the credit history in accordance with the standards for rating that currently exist in Maryland law.

A. Review Criteria. (State Government Article, §10-132(1)(i), Annotated Code of Maryland; COMAR 01.01.2003.20E)

- (1) Do the regulations continue to be necessary for the public interest? ☒ Yes ☐ No
- (2) Do the regulations continue to be supported by statutory authority and judicial opinion? ☒ Yes ☐ No
- (3) Are the regulations obsolete or otherwise appropriate for amendment or repeal? ☒ Yes ☐ No
- (4) Are the regulations effective in accomplishing their intended purpose? ☒ Yes ☐ No

B. Outreach and Research. (State Government Article, §10-135(a)(2)(i)–(viii), Annotated Code of Maryland)

- (1) List any stakeholders invited to review the regulations and provide a summary of their participation in and input into the review process.

Insurers, producers, and consumers were alerted to the review via notices posted on the following pages of the Maryland Insurance Administration's (MIA) website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Notices included an invitation to comment, along with a contact name and information. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (2) List any other affected agencies that were invited to review the regulations and provide a summary of their participation in and input into the review process.

All State agencies were notified through publication in the *Maryland Register* and on the Secretary of State's Division of State Documents (DSD) website. No comments were received.

- (3) Describe the process used to solicit public comment, including:
- (a) any notice published in the *Maryland Register*;
 - (b) any notice published in newspapers of general circulation;
 - (c) any notice posted on the unit's website or on a Statewide website created for units to post notices of regulation review;
 - (d) any mailing by the adopting authority; and
 - (e) any public hearing held.

Notice was published in the *Maryland Register*, on the DSD website, and on the following pages of the MIA website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (4) Provide summaries of:
- (a) all comments received from stakeholders, affected units, or the public; and
 - (b) the adopting authority's responses to those comments.

N/A. No comments were received on this chapter.

- (5) Describe any interunit conflict reviewed and the resolution or proposed resolution of that conflict.

N/A.

(6) Provide a summary of any relevant scientific data gathered.

N/A.

(7) Provide a summary of any relevant information gathered related to the regulations of other states or the federal government.

The MIA reviewed the National Conference of Insurance Legislators' (NCOIL) Model Act Regarding Use of Credit Information in Personal Insurance. The regulations are generally consistent with the Model Act.

(8) Provide a summary of any other relevant information gathered.

N/A.

C. Under COMAR 01.01.2003.20E(3), does the agency have any existing policy statements, guidelines, or standards being applied or enforced which should be promulgated as regulations, in accordance with the Administrative Procedure Act? ☐ Yes ☒ No

Has the agency promulgated all regulations required by recent legislation? ☒ Yes ☐ No

Provide explanations of the above responses, as needed:

N/A. There are no existing policy statements, guidelines, or standards pertaining to the use of credit history in underwriting and rate making for homeowner's or private passenger motor vehicle insurance being applied or enforced which should be promulgated as regulations in accordance with the Administrative Procedure Act. Likewise, there is no recent legislation pertaining to the use of credit history in underwriting and rate making for homeowner's or private passenger motor vehicle insurance requiring promulgation of regulations or amendments to COMAR 31.15.11.

D. Actions Needed. (State Government Article, §10-135(a)(2)(ix) – (xi), Annotated Code of Maryland)
(check all that apply)

no action

x amendment

repeal

repeal and adopt new regulations

reorganization

Summary:

This chapter continues to be necessary for the public interest, and continues to be supported by statutory authority and judicial opinions.

Technical amendments are needed to the authority line to repeal a citation of a chapter law that is no longer necessary since the chapter law has taken effect. Additionally, Regulation .07 needs to be amended to correct obsolete cross references to the State Government Article, now the General Provisions Article.

Person performing review: Catherine Grason

Title: Director of Regulatory
Affairs, Office of the
Commissioner

**Regulatory Review and Evaluation Act
Evaluation Report Form
2012 – 2020**

Chapter Codification: COMAR 31.15.12

Chapter Name: Valuation of Motor Vehicles

Authority: Insurance Article, §27-304.1, Annotated Code of Maryland.

Date Originally Adopted or Last Amended: March 24, 2008

NOTE: A pre-publication version of proposed amendments to this chapter was published on the MIA's Website on September 9, 2014, and public comments were solicited. A public hearing to discuss the proposal was held on November 21, 2014. A working group of stakeholders will convene at a public meeting to discuss proposed changes on January, 9 2015. See summary below for description of proposed changes.

Purpose: The purpose of this chapter is to establish standards and procedures for the determination of a private passenger motor vehicle's total loss value, as required by Insurance Article, §27-304.1(2).

A. Review Criteria. (State Government Article, §10-132(1)(i), Annotated Code of Maryland; COMAR 01.01.2003.20E)

- (1) Do the regulations continue to be necessary for the public interest? ☒ Yes ☐ No
- (2) Do the regulations continue to be supported by statutory authority and judicial opinion? ☒ Yes ☐ No
- (3) Are the regulations obsolete or otherwise appropriate for amendment or repeal? ☒ Yes ☐ No
- (4) Are the regulations effective in accomplishing their intended purpose? ☒ Yes ☐ No

B. Outreach and Research. (State Government Article, §10-135(a)(2)(i)–(viii), Annotated Code of Maryland)

- (1) List any stakeholders invited to review the regulations and provide a summary of their participation in and input into the review process.

Insurers, producers, and consumers were alerted to the review via notices posted on the following pages of the Maryland Insurance Administration's (MIA) website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Notices included an invitation to comment, along with a contact name and information. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (2) List any other affected agencies that were invited to review the regulations and provide a summary of their participation in and input into the review process.

All State agencies were notified through publication in the *Maryland Register* and on the Secretary of State's Division of State Documents (DSD) website. No comments were received.

- (3) Describe the process used to solicit public comment, including:
- (a) any notice published in the *Maryland Register*;
 - (b) any notice published in newspapers of general circulation;
 - (c) any notice posted on the unit's website or on a Statewide website created for units to post notices of regulation review;
 - (d) any mailing by the adopting authority; and
 - (e) any public hearing held.

Notice was published in the *Maryland Register*, on the DSD website, and on the following pages of the MIA website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (4) Provide summaries of:
- (a) all comments received from stakeholders, affected units, or the public; and
 - (b) the adopting authority's responses to those comments.

N/A. No comments were received on this chapter.

- (5) Describe any interunit conflict reviewed and the resolution or proposed resolution of that conflict.

N/A.

- (6) Provide a summary of any relevant scientific data gathered.

N/A.

- (7) Provide a summary of any relevant information gathered related to the regulations of other states or the federal government.

The MIA reviewed the National Association of Insurance Commissioners' (NAIC) "Unfair Property/Casualty Claims Settlement Practices" Model Regulation and Insurance Bulletin 2014-2, issued by the Insurance Division of the Rhode Island Department of Business Regulation. COMAR 31.15.12 is generally consistent with the NAIC Model Regulation.

(8) Provide a summary of any other relevant information gathered.

N/A.

C. Under COMAR 01.01.2003.20E(3), does the agency have any existing policy statements, guidelines, or standards being applied or enforced which should be promulgated as regulations, in accordance with the Administrative Procedure Act? ☐ Yes ☒ No

Has the agency promulgated all regulations required by recent legislation? ☒ Yes ☐ No

Provide explanations of the above responses, as needed:

N/A. There are no existing policy statements, guidelines, or standards pertaining to the valuation of a private passenger motor vehicle's total loss value being applied or enforced which should be promulgated as regulations in accordance with the Administrative Procedure Act. Likewise, there is no recent legislation pertaining to the valuation of a private passenger motor vehicle's total loss value requiring promulgation of regulations or amendments to COMAR 31.15.12.

D. **Actions Needed.** (State Government Article, §10-135(a)(2)(ix) – (xi), Annotated Code of Maryland)
(check all that apply)

no action

x amendment

repeal

repeal and adopt new regulations

reorganization

Summary:

This chapter continues to be necessary for the public interest, and continues to be supported by statutory authority and judicial opinions.

The Insurance Commissioner may propose to amend Regulations .01, .02, and .04 - .06 under COMAR 31.15.12 Valuation of Motor Vehicles. A draft version of this proposal was posted on the MIA's website on September 9, 2014 and comments were solicited. A public hearing on the proposal was held on November 21, 2014.

The purpose of the draft regulations is to clarify the definitions of "substantially similar motor vehicle" and "total loss"; define the term "take price"; clarify the standards for a minimum offer of a cash settlement that is based on a computerized database; require an insurer that makes a settlement offer to confirm the offer in writing not later than 2 business days after the offer is made; require a settlement offer to advise the claimant of the right of the claimant to retain salvage; require an insurer that rejects a claimant's counteroffer to offer to the claimant the National Automobile Dealers Association retail value or, in the case of certain first-party claimants, the option to go to appraisal; and establish standards for when an insurer may terminate coverage for rental of a replacement vehicle in the case of a total loss of a claimant's motor vehicle.

The MIA has formed a working group consisting of stakeholders, which will hold public meetings to consider any proposed changes to the draft regulations, and issues related to amendments. The working group will convene on January 9, 2015.

Person performing review:

Catherine Grason

Title:

Director of Regulatory
Affairs, Office of the
Commissioner

**Regulatory Review and Evaluation Act
Evaluation Report Form
2012 – 2020**

Chapter Codification:

COMAR 31.15.14

Chapter Name:

Administrative Service Fees

Authority:

Insurance Article, §§2-109 and 27-216, Annotated Code of Maryland.

Date Originally Adopted or Last Amended:

December 12, 2013

NOTE: This chapter was amended effective 12/12/13; however, the MIA did not claim an exemption for this chapter in its Work Plan for COMAR 31.15, therefore the MIA is submitting this report.

Purpose:

The purpose of this chapter is to establish the standards applicable to insurance producers authorized to sell health insurance when providing administrative services to an employer, and to adopt the disclosure form required by Insurance Article, §27-216(g)(3), Annotated Code of Maryland.

A. Review Criteria. (State Government Article, §10-132(1)(i), Annotated Code of Maryland; COMAR 01.01.2003.20E)

- (1) Do the regulations continue to be necessary for the public interest? ☒ Yes ☐ No
- (2) Do the regulations continue to be supported by statutory authority and judicial opinion? ☒ Yes ☐ No
- (3) Are the regulations obsolete or otherwise appropriate for amendment or repeal? ☐ Yes ☒ No
- (4) Are the regulations effective in accomplishing their intended purpose? ☒ Yes ☐ No

B. Outreach and Research. (State Government Article, §10-135(a)(2)(i)–(viii), Annotated Code of Maryland)

- (1) List any stakeholders invited to review the regulations and provide a summary of their participation in and input into the review process.

Insurers, producers, and consumers were alerted to the review via notices posted on the following pages of the Maryland Insurance Administration's (MIA) website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Notices included an invitation to comment, along with a contact name and information. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (2) List any other affected agencies that were invited to review the regulations and provide a summary of their participation in and input into the review process.

All State agencies were notified through publication in the *Maryland Register* and on the Secretary of State's Division of State Documents (DSD) website. No comments were received.

- (3) Describe the process used to solicit public comment, including:
- (a) any notice published in the *Maryland Register*;
 - (b) any notice published in newspapers of general circulation;
 - (c) any notice posted on the unit's website or on a Statewide website created for units to post notices of regulation review;
 - (d) any mailing by the adopting authority; and
 - (e) any public hearing held.

Notice was published in the *Maryland Register*, on the DSD website, and on the following pages of the MIA website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (4) Provide summaries of:
- (a) all comments received from stakeholders, affected units, or the public; and
 - (b) the adopting authority's responses to those comments.

N/A. No comments were received on this chapter.

- (5) Describe any interunit conflict reviewed and the resolution or proposed resolution of that conflict.

N/A.

- (6) Provide a summary of any relevant scientific data gathered.

N/A.

- (7) Provide a summary of any relevant information gathered related to the regulations of other states or the federal government.

N/A.

- (8) Provide a summary of any other relevant information gathered.

N/A.

C. Under COMAR 01.01.2003.20E(3), does the agency have any existing policy statements, guidelines, or standards being applied or enforced which should be promulgated as regulations, in accordance with the Administrative Procedure Act? ☐ Yes ☒ No

Has the agency promulgated all regulations required by recent legislation? ☒ Yes ☐ No

Provide explanations of the above responses, as needed:

N/A. There are no existing policy statements, guidelines, or standards pertaining to insurance producers authorized to sell health insurance when providing administrative services to an employer or the disclosure form required by Insurance Article, §27-216(g)(3) being applied or enforced which should be promulgated as regulations in accordance with the Administrative Procedure Act. Likewise, there is no recent legislation pertaining to insurance producers authorized to sell health insurance when providing administrative services to an employer or the disclosure form required by Insurance Article, §27-216(g)(3) requiring promulgation of regulations or amendments to COMAR 31.15.14.

D. **Actions Needed.** (State Government Article, §10-135(a)(2)(ix) – (xi), Annotated Code of Maryland)
(check all that apply)

- ☒ no action
- ☐ amendment
- ☐ repeal
- ☐ repeal and adopt new regulations
- ☐ reorganization

Summary:

This chapter continues to be necessary for the public interest, and continues to be supported by statutory authority and judicial opinions. No changes are recommended at this time.

Person performing review:

Catherine Grason

Title:

Director of Regulatory
Affairs, Office of the
Commissioner