# MARYLAND

## INSURANCE
## ADMINISTRATION

## BULLETIN 10-10

Date:        March 18, 2010

To:          Life Insurers

Re:          Retained Asset Accounts—Clarification of COMAR 31.09.14

COMAR 31.09.14 Retained Asset Accounts, which was proposed for adoption on November, 6, 2009, was finalized in the Maryland Register on January 29, 2010, with an effective date of February 8, 2010.

The Maryland Insurance Administration has received several questions from insurers about these finalized regulations.  The purpose of this bulletin is to respond to these questions.

*Question 1:     COMAR 31.09.14.05A states that "if one of the settlement options is a retained asset account, the insurer shall disclose in writing to the beneficiary all the settlement options available under the policy or contract". Some insurers have a variety of annuity settlement options that come with a variety of payments options. Current language for annuity options recommends speaking with an advisor regarding the annuity settlement options.  With regard to the disclosure regarding annuity settlement options, would general language referencing annuities as one settlement option satisfy the disclosure requirement?*

Response:     Yes, provided the disclosure informs the beneficiary that more than one annuity option is available and provides information about how the beneficiary can receive more information about the annuity options that are available.

*Question 2:     Some insurers have blocks of business that they have acquired from other insurers. In these situations, due to the difficulty in knowing all the settlement options that are available, may the disclosure include a catch-all for "any other settlement options as provided for within your policy."*

Response:     No.  COMAR 31.09.14.05A requires that insurers provide beneficiaries a description of all the settlement options that are available.  Insurers that acquire business from other insurers are responsible for administering the acquired contracts and providing the correct settlement options to the beneficiaries.

*Question 3:    COMAR 31.09.14.05B(3) requires if an insurer offers a beneficiary a retained asset account as a settlement option, the insurer shall disclose in writing an explanation of the retained asset account's features including "the banking services provided for a fee and the amount of the fee." Since bank fees are subject to change, would it be sufficient for the insurer to advise beneficiaries that they can contact the insurer for the amount of the bank fee?*

Response:    No. COMAR 31.09.14.05B(5) requires that if one of the settlement options is a retained asset account, the disclosure is required to include "the banking services provided for a fee and amount of the fee." As part of the fee disclosure, the insurer may disclose the amount of the bank fees, and indicate that the bank fees are the applicable fees on the date of the disclosure and that these fees may change in the future.

*Question 4:    COMAR 31.09.14.05 is titled "Disclosure Requirements to Beneficiaries At Time of Claim Submission." Many insurers provide a variety of documents to a beneficiary when there has been a claim submission, including the claim form, brochures, booklets, etc., that cover all of the required disclosures in Maryland. Is it fair to state that the requirements within Regulation .05 can be fulfilled by the distribution of these other documents and that insurers are not limited to providing the retained asset accounts disclosure to the claim form?*

Response: Yes. The insurer may provide the disclosures required by COMAR 31.09.14.05B by a combination of written forms.

Questions about this bulletin may be directed to the Life/Health Section of the Maryland Insurance Administration at 410-468-2170.

Signature on file with original

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Life and Health Section