

Title 31 MARYLAND INSURANCE ADMINISTRATION

Subtitle 03 INSURANCE PRODUCERS AND OTHER INSURANCE PROFESSIONALS

Notice of Proposed Action

[16-013-P]

The Insurance Commissioner proposes to:

(1) Amend Regulation .09 under **COMAR 31.03.06 Surplus Lines**; and

(2) Repeal existing Regulation .04 under **COMAR 31.03.07 Installment Vendors Doing Business in Maryland (Such as Auto Dealers, Boat Dealers, Appliance Dealers, Loan Companies)**.

Statement of Purpose

The purpose of this action is to:

(1) Amend the consumer disclosure regarding surplus lines insurance in Regulation .09B of COMAR 31.03.06 to advise consumers that surplus lines insurance products are not covered by the Maryland Life and Health Insurance Guaranty Corporation; and

(2) Repeal Regulation .04 of COMAR 31.03.07, as recommended in the Maryland Insurance Administration's Regulatory Review and Evaluation Act Report for this Chapter. This regulation, which was last amended in 2006, advises that the Maryland Insurance Administration "will, in the near future, inspect installment vendors" operations to determine whether or not the referenced provisions of the Insurance Article, Annotated Code of Maryland, are being observed and carried out." This regulation is no longer necessary.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

The proposed action has no economic impact.

Economic Impact on Small Businesses

The proposed action has minimal or no economic impact on small businesses.

Impact on Individuals with Disabilities

The proposed action has no impact on individuals with disabilities.

Opportunity for Public Comment

Comments may be sent to Catherine Grason, Director of Regulatory Affairs, Maryland Insurance Administration, 200 St. Paul Place, Ste. 2700, Baltimore, MD 21202, or call 410-468-2201, or email to insuranceregreview.mia@maryland.gov, or fax to 410-468-2020. Comments will be accepted through February 8, 2016. A public hearing has not been scheduled.

31.03.06 Surplus Lines

Authority: Insurance Article, §§2-109, 3-304, 3-306, 3-307, 3-311—3-313, [and] 3-325(c), 9-301(f), 9-303(5), 9-401(i)(1), and 9-405(b), Annotated Code of Maryland

.09 Disclosure Form.

A. (text unchanged)

B. Form.

DISCLOSURE REGARDING SURPLUS LINES INSURANCE.

Please Read the Following Carefully Before Purchasing Insurance From a Surplus Lines Insurer.

This policy is issued by a surplus lines insurer that has been approved by the Maryland Insurance Administration to issue insurance policies in the surplus lines insurance market. Surplus lines insurers are not under the jurisdiction of the Maryland Insurance Administration and do not possess a certificate of authority to transact insurance business in the State of Maryland. Because surplus lines insurers are not under the jurisdiction of the Maryland Insurance Administration, your ability to seek assistance from the State if you have a problem with your insurance company is limited.

[The] Property and Casualty Insurance Guaranty Corporation *and Maryland Life and Health Insurance Guaranty Corporation* [provide a fund] *provide funds* that [permits] *permit certain* claimants or policyholders to receive payment of covered claims if their insurance company becomes insolvent (i.e., bankrupt) and is unable to pay the claims. However, [this fund does] *these funds do* not apply to surplus lines insurers, *as a surplus lines insurer is not a member insurer of the Property and Casualty Insurance Guaranty Corporation or the Maryland Life and Health Insurance Guaranty Corporation*. If a surplus lines insurer becomes insolvent (i.e. bankrupt), any claim that you have against the surplus lines insurer will not be covered by the [fund] *funds* administered by Property and Casualty Insurance Guaranty Corporation *and Maryland Life and Health Insurance Guaranty Corporation*.

If you have any questions regarding this disclosure or surplus lines insurance, please contact the Maryland Insurance Administration at 410-468-2340.

C.—D. (text unchanged)

ALFRED W. REDMER, Jr.
Insurance Commissioner

Subtitle 15 UNFAIR TRADE PRACTICES

Notice of Proposed Action

[16-012-P]

The Insurance Commissioner proposes to:

(1) Amend Regulations .01—,07 under **COMAR 31.15.04 Solicitation of Annuity and Deposit Fund Contracts**; and

(2) Adopt new Regulations .01—.09 under a new chapter, **COMAR 31.15.16 Annuity Disclosure**.

Statement of Purpose

The purpose of this action is to adopt the National Association of Insurance Commissioners' (NAIC) "Annuity Disclosure Model Regulation," Model MDL-245. This Model Regulation addresses many of the same issues found in current COMAR 31.15.04, but in more detail. Model MDL-245 was adopted by the NAIC in 1999 and has been amended in 2011 and 2013. Maryland's current chapter, COMAR 31.15.04, which applies to both annuities and deposit fund contracts, has not been amended since its adoption in January 1980. The NAIC Model provides more detailed requirements for annuity illustrations and conforms COMAR to the modern annuity marketplace.

Comparison to Federal Standards

There is no corresponding federal standard to this proposed action.

Estimate of Economic Impact

I. Summary of Economic Impact. The amendments to this chapter will have a minimal economic impact on insurers issuing annuities in Maryland.