

### 31.10.19 Independent Review Organizations and Medical Experts

Authority: Insurance Article, §§2-109, 15-10A-05, and 15-10A-09, Annotated Code of Maryland; Chapter 112, Acts of 1998]

### 31.10.20 Certification of HMO Medical Directors

Authority: Insurance Article, §§2-109 and 15-10C-02, Annotated Code of Maryland; Chapter 112, Acts of 1998]

### 31.10.24 Discount Medical Plan Organizations and Discount Drug Plan Organizations

Authority: [Health-General Article, §19-706(jjj);] Insurance Article, §2-109 and Title 14, Subtitle 6; Annotated Code of Maryland

### 31.10.25 Required Standard Provisions for Individual Nonprofit Health Service Plan Contracts

Authority: Insurance Article, §12-203(g), Annotated Code of Maryland

#### .02 Definitions.

A. (text unchanged)

B. Terms Defined.

(1)—(2-1) (text unchanged)

(2-2) *“Health benefit plan” has the meaning stated in Insurance Article, §15-1301, Annotated Code of Maryland.*

(3)—(7) (text unchanged)

#### .04 Standard Provisions.

A.—B. (text unchanged)

C. Grace Period.

(1)—(2) (text unchanged)

(2-1) *The grace period provisions described in §§C(1) and (2) of this regulation shall not apply to an individual contract that is a health benefit plan under which the subscriber is receiving advance payment of federal premium tax credits.*

(2-2) *If the individual contract is a health benefit plan under which the subscriber is receiving advance payment of federal premium tax credits, the individual contract shall contain the grace period provision required by Insurance Article, §15-1315, Annotated Code of Maryland.*

(3)—(5) (text unchanged)

D. Reinstatement.

(1) Each individual contract shall contain in substance the following provision: “Reinstatement: If any renewal premium is not paid in full within the time granted the subscriber for payment, a later acceptance of premium in full by the carrier or by any agent authorized by the carrier to accept the premium, without requiring a reinstatement application in connection with the acceptance of the premium in full, shall reinstate the contract. However, if the carrier or the agent requires an application for reinstatement and issues a conditional receipt for the premium tendered, the contract will be reinstated upon approval of the application by the carrier or, lacking approval, upon the forty-fifth day following the date of the conditional receipt unless the carrier has previously notified the subscriber in writing of its disapproval of the reinstatement application. [The reinstated contract shall cover only loss resulting from accidental injury sustained after the date of reinstatement and loss due to sickness that begins more than ten days after the date of reinstatement. In all other respects the] *The subscriber and carrier shall have the same rights under the reinstated contract as they had under the contract immediately before the due date of the defaulted*

premium, subject to any provisions endorsed on the contract or attached to the contract in connection with the reinstatement. Any premium accepted in connection with a reinstatement shall be applied to a period for which premium has not been previously paid, but not to any period more than 60 days prior to the date of reinstatement.”

(2) (text unchanged)

(3) *The reinstatement provision of an individual contract that is not a health benefit plan may also include the following sentence: “The reinstated contract shall cover only loss resulting from accidental injury sustained after the date of reinstatement and loss due to sickness that first manifests itself more than ten days after the date of reinstatement.”*

E.—M. (text unchanged)

### 31.10.28 Individual Health Insurance Contracts — Standard Provisions and Exclusions

Authority: Insurance Article, §§2-109, 12-203(g), and [12-209(4)] 12-205(b)(4), Annotated Code of Maryland

### 31.10.37 Delivery of Policy or Certificate

Authority: Health-General Article, §§19-705(a)(2), [19-713,] and 19-729; Insurance Article, §§2-109(a)(1), 4-113, [12-107,] and 12-203, [12-209, 15-201, 15-412, 15-413, and 27-303]; Annotated Code of Maryland

ALFRED W. REDMER, JR.  
Insurance Commissioner

## Subtitle 13 CREDIT LIFE AND CREDIT HEALTH INSURANCE

### 31.13.01 Standards for Credit Life and Credit Health Insurance Contracts

Authority: Insurance Article, §§2-109, 13-110, 13-111, and 13-112; Commercial Law Article, [Title 12, Subtitle 3] §12-312; Annotated Code of Maryland

#### Notice of Proposed Action

[15-408-P]

The Insurance Commissioner proposes to amend the enabling authority and Regulation .15 under **COMAR 31.13.01 Standards for Credit Life and Credit Health Insurance Contracts.**

#### Statement of Purpose

The purpose of this action is to update the enabling authority to provide a specific statutory reference, correct a typographical error in Regulation .15, and to implement a proposed prima facie rate reduction for monthly premium credit health insurance as a result of a 2014 study performed by the Commissioner of the credit insurance loss ratios. The prima facie rates established within this regulation are developed by the Commissioner to ensure that the premiums charged are reasonable in relation to the benefits under the policies. As required by §13-111(e) of the Insurance Article, Annotated Code of Maryland, every 2 years the prima facie premium rates for credit insurance are revised if necessary based on experience for each class of business reported by the carriers. Prima facie rates for credit health insurance have not been revised since 2001. The 2014 study by the Commissioner recommended a reduction in the prima facie rates for credit health insurance on a monthly outstanding balance basis.

#### 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 an unknown economic impact on insurers writing monthly premium credit health insurance in Maryland.

Revenue (R+/R-)

**II. Types of Economic Impact.**

Expenditure (E+/E-) Magnitude

- A. On issuing agency: NONE
- B. On other State agencies: NONE
- C. On local governments: NONE

Benefit (+) Magnitude  
Cost (-)

D. On regulated industries or trade groups:

Economic impact on insurers (-) Unknown

E. On other industries or trade groups: NONE

F. Direct and indirect effects on public:

Rate reduction (+) Unknown

**III. Assumptions.** (Identified by Impact Letter and Number from Section II.)

D. The proposed amendments will have an impact of unknown cost on insurers that write monthly premium credit health insurance in Maryland on or after the effective date of the amended regulation. It is not possible to quantify the cost of the impact on affected carriers because the majority of prima facie earned premiums are derived from case-rated accounts. Case rated accounts are assigned a maximum premium based on their loss ratio, that is, the ratio of incurred claims to prima facie earned premium (earned premium at prima facie rates). Carriers with significant non-case business would be primarily affected, due to the 33 percent reduction in prima facie rates, whereas carriers with mostly case business would be less affected due to the experience rating on their accounts.

F. The members of the public affected by this regulation would be certificate-holder debtors who would see their monthly premiums for credit health insurance decrease. The positive benefit to the public is also unquantifiable, largely due to the reasons stated above. Debtors of non-case-rated creditors who are paying prima facie rates for monthly premium credit health insurance would receive the benefit of a 33 percent reduction in their premiums. Debtors of case-rated creditors may not recognize a benefit since their premiums are regulated based on the experience of the account. It is expected that the benefit to the public will outweigh the cost to regulated industry since the premiums charged for this line of insurance will be more reasonable in relation to the benefits provided.

**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, Maryland 21202, or call 410-468-2201, or email to [insuranceregreview.mia@maryland.gov](mailto:insuranceregreview.mia@maryland.gov), or fax to 410-468-2020. Comments will be accepted through January 27, 2016. A public hearing has not been scheduled.

**.15 Prima Facie Premium Rates for Credit Health Insurance.**

A. The premiums charged for credit health insurance policies having all policy provisions not less favorable to the insured debtor than those required by Regulation .17 of this chapter may not exceed, on policies of credit health insurance for which a single premium is charged in advance for the entire duration of the insurance and the indebtedness is repayable in equal installments, the amount shown in the table below for each \$100 of the initial amount of insured indebtedness:

Number of Months in Which the [Indepdedness] <i>Indebtedness</i> Is Insured	Prima Facie Single Premium Rate Per \$100 of Initial Amount of Insured Indebtedness					
	Benefits Not Retroactive Elimination Period			Retroactive Benefits Waiting Period		
	7 days	14 days	30 days	7 days	14 days	30 days
2—120 (text unchanged)						

Prima facie premium rates for policies of credit health insurance under which the indebtedness is insured for periods other than those shown above but not in excess of 120 months, shall be determined by straight-line interpolation of the above rates with the results rounded to the nearest cent per \$100 of initial amount of insured indebtedness. For purposes of this regulation, the term “initial amount of insured indebtedness” means the originally scheduled total of payments under the loan contract if the loan payments are covered in total, or means the proportionate amount of the originally scheduled total of payments if a pro rata portion of the indebtedness is covered.

B.—D. (text unchanged)

E. On policies of group credit health insurance issued on the outstanding balance, a composite monthly outstanding balance premium rate shall be used instead of the rates referred to in §C of this regulation. The rates under this plan may not exceed those shown in the schedule immediately below, with the rates being based on the amount of insured indebtedness currently being repaid. The composite rate shall be applied to all outstanding balances under the plan each month irrespective of the duration of the loans. Application for a higher rate under this type of plan may be made upon a showing of need for an increased rate on a basis actuarially consistent with Regulation .18D of this regulation.

**Schedule of Composite Rates Per \$100 of Insured Indebtedness**

- 14 Day Nonretroactive --- [\$0.12] \$0.08
- 30 Day Nonretroactive --- [0.10] 0.07
- 14 Day Retroactive ----- [0.17] 0.11
- 30 Day Retroactive ----- [0.14] 0.09

F.—G. (text unchanged)

ALFRED W. REDMER, JR.  
Insurance Commissioner