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ANTHONY G. BROWN
Lt. Governor



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BULLETIN 12-13

Date: August 1, 2012
To: Life and Health Insurers
Re: Amendments to COMAR 31.04.14—Life and Health Insurance Guaranty Corporation Coverage—Notice Requirements

The purpose of this bulletin is to notify life and health insurers in Maryland of proposed amendments to COMAR 31.04.14 *Life and Health Insurance Guaranty Corporation Coverage—Notice Requirements*. These regulations are being proposed for amendment in response to House Bill 1340, Chapter 634, Acts of 2012, which increased the liability limits for the Life and Health Insurance Guaranty Corporation. Chapter 634 becomes effective October 1, 2012.

The new notice requirements were published in the Maryland Register, volume 39, issue 15, on Friday, July 27, 2012. Copies of the published regulations are attached for your convenience. It is expected that the proposed regulations will become effective on October 1, 2012.

The new notices are required to be provided, beginning October 1, 2012. However, if an insurer is unable to create the new notices and make the necessary system changes to meet the October 1, 2012 deadline, the insurer must provide the old notice previously required by COMAR 31.04.14.03B, and shall, on or before December 1, 2012, provide a second notice to the individuals who received the old notice.

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

Signature on original

Brenda A. Wilson
Associate Commissioner
Life and Health Section

the date of the order. The motion shall state the reasons for the failure to attend or participate in the hearing.

C. On receipt of a proposed default order and any written motion from a defaulting party [requesting the Board of Trustees to vacate a proposed default order], the Board Secretary shall consider the proposed default order and any grounds stated [for the request in the motion] in a motion to vacate. The Board Secretary may contact the [party] parties or the Office to obtain additional information about reasons for the default.

[C.] D. If the Board Secretary finds that there is:

(1) Good cause to excuse the default, the Board Secretary may vacate the proposed default order, and return the case to the [officer] Office for further appropriate proceedings; or

(2) Not good cause to excuse the default, the Board Secretary shall deny the motion, if one was filed, and issue a final default order terminating further proceedings.

[D.] E. At the next regularly scheduled meeting of the Board of Trustees following the Board Secretary's consideration of a [written motion requesting that a] proposed default order [be vacated or modified], the Board Secretary shall advise the Board of Trustees as to the action taken.

.08 Appeal.

A party adversely affected by a final decision of the Board of Trustees or the Board Secretary [may obtain] is entitled to judicial review of the decision [as provided by law] in accordance with State Government Article, §10-222, Annotated Code of Maryland.

.09 Adjustment in Allowance.

The Retirement Agency shall adjust the allowance of a retiree who is subsequently granted an ordinary disability retirement [allowance] or an accidental disability retirement [allowance] retroactively to the effective date of retirement.

.10 Effect of Death Before Final Decision.

If the applicant dies before the final decision on the applicant's [claim] appeal for an ordinary disability retirement [allowance] or an accidental disability retirement [allowance], or both, the claim shall terminate. Survivor benefits, if any, shall be paid in accordance with the selection made by the applicant for the retirement allowance granted and accepted before death.

R. DEAN KENDERDINE
Executive Director
State Retirement Agency

**Title 31
MARYLAND INSURANCE
ADMINISTRATION**

Subtitle 04 INSURERS

31.04.14 Life and Health Insurance Guaranty Corporation Coverage — Notice Requirements

Authority: Insurance Article, §§2-109 and 9-414, Annotated Code of Maryland

**Notice of Proposed Action
[12-178-P]**

The Insurance Commissioner proposes to amend Regulation .03 under COMAR 31.04.14 Life and Health Insurance Guaranty Corporation Coverage — Notice Requirements.

Statement of Purpose

The purpose of this action is to amend the notice in Regulation .03 of the chapter to comply with the new limits that are applicable to the Life and Health Guaranty Corporation pursuant to S.B. 1003 and H.B. 1340, Chs. 633 and 634 respectively, Acts of 2012.

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 Katrina Lawhorn, Regulations Coordinator, Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, or call 410-468-2450, or email to klawhorn@mdinsurance.state.md.us, or fax to 410-468-2020. Comments will be accepted through August 27, 2012. A public hearing has not been scheduled.

.03 Required Notice.

A. (text unchanged)

B. The notice required in §A of this regulation shall be in at least 12-point type and shall read as follows:

NOTICE OF PROTECTION PROVIDED BY MARYLAND LIFE AND HEALTH INSURANCE GUARANTY CORPORATION

This notice provides a brief summary of the Maryland Life and Health Insurance Guaranty Corporation (the Corporation) and the protection it provides for policyholders. This safety net was created under Maryland law, which determines who and what is covered and the amounts of coverage.

The Corporation is not a department or unit of the State of Maryland and the liabilities or debts of the Life and Health Insurance Guaranty Corporation are not liabilities or debts of the State of Maryland.

The Corporation was established to provide protection in the unlikely event that your life, annuity, or health insurance company becomes financially unable to meet its obligations and is taken over by its Insurance Department. If this should happen, the Corporation will typically arrange to continue coverage and pay claims, in accordance with Maryland law, with funding from assessments paid by other insurance companies.

The basic protections provided by the Corporation are:

- Life Insurance
 - \$300,000 in death benefits
 - \$100,000 in cash surrender or withdrawal values
- Health Insurance
 - [\$300,000 in health insurance benefits, including net cash surrenders and net cash withdrawal values]
 - \$500,000 for basic hospital, medical, and surgical insurance or major medical insurance provided by health benefit plans
 - \$300,000 for disability insurance
 - \$300,000 for long-term care insurance
 - \$100,000 for a type of health insurance not listed above, including any net cash surrender and net cash withdrawal values under the types of health insurance listed above
- Annuities
 - \$250,000 in the present value of annuity benefits, including net cash withdrawal values and net cash surrender values

PROPOSED ACTION ON REGULATIONS

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• With respect to each payee under a structured settlement annuity, or beneficiary of the payee, \$250,000 in present value annuity benefits, in the aggregate, including any net cash surrender and net cash withdrawal values

The maximum amount of protection for each individual, regardless of the number of policies or contracts, [are the amounts listed above.] is:

• \$300,000 in aggregate for all types of coverage listed above, with the exception of basic hospital, medical, and surgical insurance or major medical insurance

• \$500,000 in aggregate for basic hospital, medical, and surgical insurance or major medical insurance

NOTE: Certain policies and contracts may not be covered or fully covered. For example, coverage does not extend to any portion(s) of a policy or contract that the insurer does not guarantee, such as certain investment additions to the account value of a variable life insurance policy or a variable annuity contract. There are also various residency requirements and other limitations under Maryland law.

To learn more about the above protections, please visit the Corporation's website at www.mdlifeqa.org, or contact:

Maryland Life and Health Insurance Guaranty Corporation
9199 Reisterstown Road
P.O. Box 671—Suite 216C
Owings Mills, Maryland 21117
410-998-3907

Maryland Insurance Administration
200 St. Paul Place, Suite 2700
Baltimore, Maryland 21202
1-800-492-6116, ext. 2170

Insurance companies and agents are not allowed by Maryland law to use the existence of the Corporation or its coverage to encourage you to purchase any form of insurance. When selecting an insurance company, you should not rely on Corporation coverage. If there is any inconsistency between this notice and Maryland law, then Maryland law will control.

THERESE M. GOLDSMITH
Insurance Commissioner

Subtitle 15 UNFAIR TRADE PRACTICES

31.15.08 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, 8-455, 10-102, 10-103, 10-118, 10-126, 10-130, 10-131, 10-401—10-406, 10-410, 14-112, 14-124, 14-407, 14-408, 14-409, 14-416, 15-1004, 15-1005, 27-102, Title 15, Subtitle 7, and Title 27, Subtitle 3[.]; Annotated Code of Maryland

Notice of Proposed Action [12-181-P]

The Insurance Commissioner proposes to amend Regulations .01 and .02 under COMAR 31.08.15 Payment of Claims Under Life and Health Policies and Annuity Contracts.

Statement of Purpose

The purpose of this action is to revise the above-cited regulation to include a health maintenance organization.

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 Katrina Lawhorn, Regulations Coordinator, Maryland Insurance Administration, 200 St. Paul Place, Suite 2700, Baltimore, Maryland 21202, or call 410-468-2450, or email to klawhorn@mdinsurance.state.md.us, or fax to 410-468-2020. Comments will be accepted through August 27, 2012. A public hearing has not been scheduled.

.01 Scope.

These regulations are applicable to all 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.

.02 Definitions.

A. (text unchanged)

B. Terms Defined.

(1) — (2) (text unchanged)

(3) "Insurer" means a person licensed to issue, or who issues, any insurance policy in this State, including a nonprofit health service plan, fraternal benefit society, health maintenance organization, or dental plan organization.

(4) — (7) (text unchanged)

THERESE M. GOLDSMITH
Insurance Commissioner