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ANTHONY G. BROWN
Lt. Governor

RALPH S. TYLER
Commissioner

BETH SAMMIS
Deputy Commissioner

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BULLETIN 08-10

Date: May 2, 2008

To: Insurers and Nonprofit Health Service Plans

Re: Amended Regulations—Conversion of Group Health Insurance

The purpose of this bulletin is to notify insurers and nonprofit health service plans ("carriers") of amendments to **COMAR 31.11.01, Conversion of Group Health Insurance**. These amendments impact a number of the conversion requirements, including the conversion option found in group health insurance contracts and the minimum benefits found in conversion contracts. Among the amendments is an increase in the minimum benefits that are required to be provided in conversion contracts that are *issued or renewed* in Maryland on or after April 7, 2008.

If a carrier has issued or is issuing conversion contracts that met the minimum requirements of the prior regulations, the carrier will need to file amendments to the contracts to bring them into compliance with the enhanced benefits of the amended regulations.

The amendments also clarify the time period that the individual has under a group contract, including a small group contract issued under Subtitle 12 of the Insurance Article, to apply for conversion coverage when the individual's group coverage terminates. If the carrier is continuing to sell or renew group health insurance contracts subject to these regulations, the contracts are required to be amended to comply with this new application requirement.

Proposed amendments to COMAR 31.11.01 were published in volume 35, issue 2 of the Maryland Register, dated January 18, 2008 and were finalized in volume 35, issue 7 of the Maryland Register, dated March 28, 2008. Copies of the amended regulations, as published in the Maryland Register, are attached for your convenience.

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

Beth Sammis
Deputy Commissioner
Maryland Insurance Administration

(24) Amendments to Regulations .02 and .04 under COMAR 21.14.01 General Regulations.

This action, which was proposed for adoption in 35:1 Md. R. 76 — 86 (January 4, 2008), has been adopted as proposed.

Effective Date: April 7, 2008.

SHEILA MCDONALD
Executive Secretary

Title 31
MARYLAND INSURANCE ADMINISTRATION

Subtitle 11 HEALTH INSURANCE — GROUP

31.11.01 Conversion of Group Health Insurance

Authority: Insurance Article, §§2-109, 15-412, and 15-414, Annotated Code of Maryland.

Notice of Final Action

[08-029-F]

On March 5, 2008, the Insurance Commissioner adopted the repeal of existing Regulations **.03, .04, and .14**, the amendment of existing Regulation **.01**, the recodification of existing Regulations **.08** and **.17** to be Regulations **.07** and **.15**, respectively, the amendment and recodification of existing Regulations **.02, .05 — .07, .09 — .13, .15**, and .16 to be Regulations **.03, .04 — .06, .08 — .12, .13**, and .14, respectively, and new Regulation **.02** under **COMAR 31.11.01 Conversion of Group Health Insurance**. This action, which was proposed for adoption in 35:2 Md. R. 221 — 225 (January 18, 2008), has been adopted with the nonsubstantive changes below.

Effective Date: April 7, 2008.

Attorney General's Certification

In accordance with State Government Article, §10-113, Annotated Code of Maryland, the Attorney General certifies that the following changes do not differ substantively from the proposed text. The nature of the changes and the basis for this conclusion are as follows:

Regulation .03C: Change of date from March 24, 2008 to April 7, 2008. This is nonsubstantive because it reflects the effective date of the proposal.

***.03* Applicability.**

A. — B. (proposed text unchanged)

C. The requirements of *Regulations .09 and .10* of this chapter apply to all converted policies issued or renewed on or after **[[***March 24, 2008***]]** *April 7, 2008*.

RALPH S. TYLER
Insurance Commissioner

Withdrawal Of Regulations

Title 14
INDEPENDENT AGENCIES

Subtitle 09 WORKERS' COMPENSATION COMMISSION

14.09.01 Procedural Regulations

Authority: Labor and Employment Article, §§9-307, 9-309, 9-310.2, 9-314, 9-404, 9-405, 9-410, 9-603, 9-625, 9-635, 9-701, 9-721, 9-731, 9-739, and 9-6A-07; State Government Article, §10-1103; Annotated Code of Maryland

Notice of Withdrawal

[07-252-W]

The Maryland Workers' Compensation Commission withdraws the proposed amendments to Regulations **.02** and **.03** under **COMAR 14.09.01 Procedural Regulations**, as published in 34:19 Md. R. 1703 — 1704 (September 14, 2007).

MICHAEL L. GALEY
Secretary of the Commission

E. Department of Defense Explosive Safety Board (DDESB) Standards — Applicability and Amendments.

(1) The DDESB storage standards applicable to waste military munitions referenced in §A(1)(c) of this regulation are DOD 6055.9-STD, "DOD Ammunition and Explosives Safety Standards" as adopted by the DDESB effective October 5, 2004, except as provided in §E(2) of this regulation.

(2) For the purposes of §A(1)(c) of this regulation, "DDESB storage standards applicable to waste military munitions" become an amended version of the standards referenced in §E(1) of this regulation on the date the Department of Defense publishes notice in the Federal Register that the DDESB standard has been amended.

.31 Standards Applicable to the Treatment and Disposal of Waste Military Munitions.

The treatment and disposal of hazardous waste military munitions are subject to the applicable permitting, procedural, and technical standards in COMAR 26.13.01 — 26.13.10.

SHARI T. WILSON
Secretary of the Environment

Title 31
MARYLAND INSURANCE ADMINISTRATION

Subtitle 10 HEALTH INSURANCE — GENERAL

31.10.16 Carrier Provider Panels — Application Process

Authority: Insurance Article, §§2-109 and 15-112, Annotated Code of Maryland

Notice of Proposed Action

[08-028-P]

The Insurance Commissioner proposes to amend Regulation .03 under COMAR 31.10.16 Carrier Provider Panels — Application Process.

Statement of Purpose

The purpose of this action is to amend Regulation .03 pursuant to changes enacted by Ch. 26, Acts of 2007, that generally relate to the collection and use of racial and ethnic data by certain entities that provide health insurance. These changes include authorizing health insurers, nonprofit health service plans, or health maintenance organizations that provide health insurance to make an inquiry about race and ethnicity under certain circumstances and subject to certain limitations. The current regulation is to be amended because it does not conform with the requirements of the new Uniform Credentialing Form, which does not prohibit a carrier that uses a provider panel from including questions about race or nation of origin on the application form for providers seeking participation in the provider panel.

Comparison to Federal Standards

There is a corresponding federal standard to this proposed action, but the proposed action is not more restrictive or stringent.

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 P. Todd Cioni, Associate Commissioner, Compliance and Enforcement, Maryland Insurance Administration, 525 St. Paul Street, or call 410-468-2235, or email to tcioni@mdinsurance.state.md.us, or fax to 410-468-2204. Comments will be accepted through February 19, 2008. A public hearing has not been scheduled.

.03 Requirements for Application Process.

A. — B. (text unchanged)

C. The form of application:

(1) (text unchanged)

(2) Shall provide a specifically designated space for dating the receipt of the application by the carrier; *and*

[(3) May not include any questions relating to gender, race, age, religion, or national origin; and]

[(4)] *(3)* (text unchanged)

RALPH S. TYLER
Insurance Commissioner

Subtitle 11 HEALTH INSURANCE — GROUP

31.11.01 Conversion [or Continuation] of Group Health Insurance

Authority: Insurance Article, §§2-109, 15-412, and 15-414, Annotated Code of Maryland

Notice of Proposed Action

[08-029-P]

The Insurance Commissioner proposes to repeal existing Regulations .03, .04, and .14, amend Regulation .01, recodify existing Regulations .08 and .17 to be Regulations .07 and .15, respectively, amend and recodify Regulations .02, .05 — .07, .09 — .13, .15, and .16 to be Regulations .03, .04 — .06, .08 — .12, .13, and .14, respectively, and adopt new Regulation .02 under COMAR 31.11.01 Conversion of Group Health Insurance.

Statement of Purpose

The purpose of this action is to update regulations which are out-of-date. These regulations specify minimum benefits that are required to be found in health insurance conversion contracts and were last updated in 1996. Due to inflation, the current requirements provide a very minimal benefit to Maryland consumers. Also, portions of the chapter are amended to comply with the Health Insurance Portability and Accountability Act of 1996 (HIPAA) and the National Association of Insurance Commissioner's Group Health Insurance Mandatory Conversion Privilege Model Act (Model Act). The regulations are also amended to follow current drafting requirements.

Comparison to Federal Standards

There is a corresponding federal standard to this proposed action, but the proposed action is not more restrictive or stringent.

Estimate of Economic Impact

I. **Summary of Economic Impact.** The amendments to this chapter will have an impact on insurers, nonprofit health service plans, the Maryland Insurance Administration, and individuals covered under conversion contracts in Maryland.

II. Types of Economic Impact.	Revenue (R+/R−) Expenditure (E+/E−)	Magnitude
A. On issuing agency:	(R+/E−)	Undeterminable
B. On other State agencies:	NONE	
C. On local governments:	NONE	
	Benefit (+) Cost (−)	**Magnitude**
D. On regulated industries or trade groups:	(+/−)	Undeterminable
E. On other industries or trade groups:	NONE	
F. Direct and indirect effects on public:	(+)	Undeterminable

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

A. The Maryland Insurance Administration may receive additional revenue from form filings made by insurers and nonprofit health service plans to bring their conversion contracts into compliance with these amended regulations. Each form requires a $125 filing fee. The number of form filings is unknown, but it will be a one-time filing fee for most insurers and nonprofit health service plans that sell group health insurance in Maryland. The Maryland Insurance Administration will be minimally impacted due to resources that will be needed to review the new form filings. It is expected that current staff will handle review of the new rate and form filings required by these amendments to the regulations.

D. Insurers and nonprofit health service plans will experience increased costs from the requirements found in Regulations .09 and .10. Regulation .09 imposes new rating requirements, which will require the carriers to have higher loss ratios on the converted contracts. Regulation .10 increases the benefits required to appear in converted contracts to account for the affect of inflation on the benefits.

Carriers will benefit from the repeal of Regulation .14 because the carriers will no longer be required to revise their group contracts to include a 6-month continuation benefit. Carriers will also be able to offer contracts that are more consistent with contracts offered in other jurisdictions.

F. The public will benefit by these amendments. Individuals who have converted policies will see an increase in the benefit levels available under their contracts. The higher benefits will likely result in premium increases to consumers, which will be minimized by the changes to Regulation .09.

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 Brenda Wilson, Chief, Health Insurance and Managed Care, Maryland Insurance Administration, 525 St. Paul Place, Baltimore, MD 21202, or call 410-468-2170, or email to bwilson@mdinsurance.state.md.us, or fax to 410-468-2204. Comments will be accepted through February 19, 2008. A public hearing has not been scheduled.

.01 Purpose.

The purpose of this chapter is to provide appropriate standards and requirements for implementing the conversion [and continuation privileges] *privilege* and notification requirements under group health insurance policies.

.02 Definitions.

A. In this chapter, the following terms have the meanings indicated.

B. Terms Defined.

(1) "Carrier" means:

(a) An insurer as defined in Insurance Article, §1-101, Annotated Code of Maryland; or

(b) A nonprofit health service plan that is licensed to operate in Maryland.

(2) "Converted policy" means an individual policy or certificate issued to an individual in accordance with the requirements of this chapter upon termination of the individual's coverage under a group policy.

(3) Expense Incurred.

(a) "Expense incurred" means that the benefits payable under the contract are based on the medical expenses that the covered person incurs.

(b) For the purposes of this chapter, a contract that includes both expense-incurred benefits and indemnity benefits shall be considered to be written on an "expense-incurred" basis.

(4) "Group health insurance policy" or "group policy" means either:

(a) An insurance contract issued by an insurer under Insurance Article, §15-302, Annotated Code of Maryland, that insures employees or members, with or without their dependents, for hospital, surgical, medical, or major medical insurance on an expense-incurred basis; or

(b) A contract issued by a nonprofit health service plan to a group that insures employees or members, with or without their dependents, for hospital, medical, major medical, or surgical insurance on an expense-incurred basis.

(5) "Indemnity" means that the benefits payable under the contract are set amounts that are not related to the expenses the covered person incurs, such as a hospital indemnity policy that pays a flat fee for each day the covered person is confined in a hospital, regardless of the actual expenses the covered person incurs during the hospital confinement.

(6) "Insured person" means:

(a) An employee, a member, or another certificate holder covered under the group policy; or

(b) Any eligible dependent of the employee, member, or certificate holder covered under the group policy.

(7) "Medicare" means Title XVIII of the United States Social Security Act as added by the Social Security Amendments of 1965 or as later amended or superseded.

[.02] .03 Applicability.

A. This chapter is applicable to all group health insurance policies issued or renewed in Maryland on or after October 1, 1983, except as provided in [§B] *§§B — C* of this regulation.

B. [This chapter is not applicable to group health insurance policies providing coverage only for specified diseases or only for accidental injuries.] *This chapter is not applicable to:*

(1) Group policies providing coverage only for:

(a) Specified diseases;

(b) Accidental injuries;

(c) Accidental death;

(d) Dental benefits;

(e) Vision care or any other supplemental benefit; or

(f) Any combination of the benefits described in §B(1)(a) — (e) of this regulation; or

(2) The following types of group policies:

(a) Hospital indemnity or other fixed indemnity coverage;

(b) Credit insurance;

(c) Disability income insurance;

(d) Long term care insurance as defined in Insurance Article, §18-101, Annotated Code of Maryland;

(e) Medicare supplement contracts;

(f) Any coverage issued under Chapter 55 of Title 10, U.S. Code, and any coverage issued as supplemental to coverage issued under Chapter 55 of Title 10, U.S. Code;

(g) Any coverage issued as supplemental to liability insurance, Workers' Compensation, or similar insurance;

(h) Automobile medical-payment insurance, or any insurance under which benefits are payable with or without regard to fault, whether written on a group, blanket or individual basis; or

(i) Any combination of the insurance benefits described in §B(2)(a) — (h) of this regulation.

C. The requirements of [Regulation .11] *Regulations .09 and .10* of this chapter apply to all converted policies issued or renewed on or after [September 1, 1996] *March 24, 2008.*

[.05] .04 Conversion Privilege.

A. All group policies, as defined in this chapter, shall contain a provision stating that an insured person who has been *continuously* covered under the group policy *and under any group policy providing similar benefits which it replaces* for at least 3 months and whose coverage is terminated for any reason other than [failure of the insured person to pay a required premium or contribution] *the reasons described in §D of this regulation*, shall have issued to him without evidence of insurability a converted policy providing benefits not less than the minimum benefits required by this chapter.

B. A carrier shall include a notice of the right of conversion in each certificate of coverage provided to individuals covered under group policies.

[B.] C. (text unchanged)

[C.] *D.* Exceptions.

(1) The [insurer] *carrier* is not required to issue a converted policy if the insured person is enrolled in a health maintenance organization, or is covered or eligible for coverage under another group policy which provides benefits substantially equal to the minimum benefits required by these regulations, or if the provisions of Regulation [.07H(1)] *.06H(1)* of this chapter would be applicable.

(2) The [insurer] *carrier* is not required to issue a converted policy to a person eligible for Medicare[, or to continue coverage under a converted policy beyond the date when the covered person is eligible for Medicare].

(3) The carrier is not required to issue a converted policy if termination under the group policy occurred because:

(a) The employee, member, or dependent performed an act or practice that constitutes fraud in connection with the coverage;

(b) The employee, member, or dependent made an intentional misrepresentation of a material fact under the terms of coverage; or

(c) The terminated coverage under the group policy was replaced by similar coverage within 31 days after the date of termination of the group policy.

(4) The carrier is not required to issue a converted policy if the individual's coverage under the group policy terminated due to the insured person's failure to pay a required premium.

[.06] .05 Insurer's Option.

A. Instead of issuing an individual converted policy, the [insurer] *carrier* may elect to provide the coverage required by this chapter by means of a group policy issued to a trustee and covering persons eligible for the conversion rights of these regulations.

B. The policy *issued under §A of this regulation* may provide that the entire premium be payable by the insured persons.

C. [This] *The* group policy *issued under §A of this regulation* shall provide benefits not less than those stated in Regulations [.07 and .11] *.06 and .10* of this chapter.

[.07] .06 Standards for Converted Policies.

A. The converted policy shall become effective [upon] *on the day following the date of* termination of insurance coverage under the group policy.

B. (text unchanged)

C. [Converted policies covering an employee or member or spouse of an employee or member shall be renewable until the person is eligible for Medicare.] If a converted policy issued to an employee or member also covers a dependent child whose coverage under the group policy would have terminated at a specified date, the converted policy may provide for termination on or after that date, subject, however, to the requirements of Insurance Article, §15-402, Annotated Code of Maryland, whichever is applicable.

D. (text unchanged)

E. *Preexisting Conditions.*

(1) The converted policy may not contain exclusions for preexisting conditions, except to the extent that a condition was excluded from the group policy from which conversion was made.

(2) Benefits for pregnancy and childbirth may not be excluded from the converted policy if benefits for these conditions were provided under the group policy.

(3) The converted policy may provide that:

(a) Any hospital, surgical, or medical benefits payable under the converted policy may be reduced by the amount of any hospital, surgical, or medical benefits payable under the group policy after the termination of the individual's group coverage; and

(b) During the first policy year, the benefits payable under the converted policy, together with the benefits payable under the group policy, will not exceed the benefits that would have been payable had the individual's coverage under the group policy remained in force and effect.

F. (text unchanged)

G. A converted policy may include a provision under which the [insurer] *carrier* may request the following information in advance of any premium due date of the policy of any person covered under the policy whether:

(1) — (3) (text unchanged)

H. The converted policy may provide that the [insurer] *carrier* may refuse to renew the policy or the coverage of any person insured under the policy if:

(1) (text unchanged)

(2) The information requested in accordance with §G of this regulation is not provided in timely fashion; [or]

(3) The information provided in response to the requirement of §G of this regulation is fraudulent or contains material misstatements[.];

(4) The individual failed to pay premiums or contributions in accordance with the terms of the converted policy, including timeliness requirements;

(5) The individual performed an act or practice that constitutes fraud in connection with coverage; or

(6) The individual made an intentional misrepresentation of a material fact under the terms of coverage.

I. (text unchanged)

[.09] .08 Application for Converted Policy.

A. The conversion provision in the group policy may require that the insured person, or a person acting on behalf of the insured person, make written application for the converted policy and may not require that the first premium due to the [insurer] *carrier* be paid sooner than 31 days following the termination of the insured person's coverage under the group policy, or sooner than any extended time provided in these regulations.

B. (text unchanged)

C. The [insurer] *carrier* may refuse to issue a converted policy or may issue a converted policy for a reduced amount if the application shows the insured person is covered under a group policy providing benefits substantially similar to the maximum benefits which [he] *the insured person* could elect under the converted policy, or if [he] *the insured person* has other health benefits available at least equal to the level of benefits which would permit the [insurer] *carrier* to refuse to renew a converted policy in accordance with the standards of Regulation [.07G] *.06G* and H of this chapter.

[.10] .09 Premiums for Converted Policies.

[A. Premium rates for the converted policies may be established based upon the age of the covered person and the class of risk to which the person belonged while covered under the group policy and to the type and amount of insurance provided. Conditions pertaining to health, occupation, avocation, or lifestyle are not an acceptable basis of classification except as provided in Regulation .08B of this chapter.

B. Premium rates for converted policies are to be determined with the expectation of producing an incurred loss ratio of not less than 80 percent. The insurer shall file with the Commissioner the proposed premium rates together with actuarial justification.]

A. Except as provided in §C of this regulation, the initial premium for the converted policy for the first 12 months and subsequent renewal premium shall be determined in accordance with the carrier's premium rates applicable to:

(1) Individually underwritten standard risks;

(2) The age and class of risk of each individual to be covered under the converted policy; and

(3) The type and amount of coverage provided.

B. The experience under converted policies may not be an acceptable basis for establishing rates for converted policies.

C. A carrier may amend renewal premium rates for the subsequent year if:

(1) The carrier experiences incurred losses for a period of 2 years, on converted policies that have been in force for at least 1 year, which exceed earned premiums by more than 20 percent; and

(2) The amended premium rates are anticipated to produce a loss ratio of at least 120 percent.

D. Conditions pertaining to health status may not be an acceptable basis for classification for the purposes of this regulation.

[C.] *E.* The frequency of premium payment shall be the frequency customarily required by the [insurer] *carrier* for the policy form and plan selected, provided that the [insurer] *carrier* may not require premium payments less frequently than quarterly without the consent of the [insured] *policyholder*.

[.11] .10 Minimum Benefits under Converted Policies.

A. [If] *Except as provided in §B of this regulation, if* the group policy from which conversion is made provided coverage for basic hospital, medical, or surgical expense insurance, the insured person at [his] *the insured person's* option shall be entitled to obtain a converted policy under any one of [the following] Plans A, B, or C, *which are described in §C of this regulation.*

B. [However, if] *If* the group policy provided hospital benefits based on the full cost of a semiprivate room, the [insurer] *carrier*, at its option, may offer the insured person only Plan A, and if the group policy provided hospital benefits on a basis other than the full cost of a semiprivate room, the [insurer] *carrier*, at its option, may offer the insured person only Plans B and C.

C. Plans A — C provide the following minimum benefits:

(1) A Plan A policy shall provide as minimum the following benefits or similar benefits which are substantially actuarially equivalent:

(a) (text unchanged)

(b) Surgical-medical expense benefits according to a schedule consistent with those customarily offered by the [insurer] *carrier* under group insurance policies and providing a maximum benefit of [$4,000] *$7,000*;

(2) A Plan B policy shall provide as minimum the following benefits or similar benefits which are substantially actuarially equivalent:

(a) Hospital room and board benefits in a maximum amount of [$400] *$700* daily for a 70-day maximum duration[,];

(b) Miscellaneous hospital expense benefits in a maximum amount of [$4,000] *$7,000*[,]; and

(c) Surgical-medical expense benefits according to a schedule consistent with those customarily offered by the [insurer] *carrier* under group policies and providing a maximum benefit of [$4,000] *$7,000*;

(3) A Plan C policy shall provide as minimum the following benefits or similar benefits which are substantially actuarially equivalent:

(a) Hospital room and board benefits in a maximum amount of [$200] *$350* daily for a 70-day maximum duration[,];

(b) Miscellaneous hospital expense benefits in a maximum amount of [$2,000] *$3,500*[,]; and

(c) Surgical-medical expense benefits according to a schedule consistent with those customarily offered by the [insurer] *carrier* under group policies and providing a maximum benefit of [$2,000] *$3,500*.

[B.] *D.* If the group policy from which conversion is made provided coverage for major medical or catastrophe expense benefits, the insured person shall be entitled to obtain a converted policy meeting the following minimum specifications subject to the deductible and the limitation of [C and D] *§§E and F* of this regulation, or similar benefits which are substantially actuarially equivalent:

(1) (text unchanged)

(2) Miscellaneous hospital expense benefits for the charges made by the hospital for services and supplies which are customarily furnished by the hospital and provided for use during a period of hospital confinement, in an

amount not less than 75 percent of the charges incurred subject to a maximum of [$4,000] *$7,000*;

(3) Surgical expense benefits not less than 75 percent of the scheduled benefits customarily offered by the [insurer] *carrier* under its group policy with a maximum of [$4,000] *$7,000*;

(4) — (6) (text unchanged)

[C.] *E.* Major medical or catastrophe coverage benefits may be subject to a deductible equal to the benefits provided under any basic hospital-medical-surgical policy or other plan of health benefits covering the insured person plus a cash deductible of [$500] *$800*.

[D.] *F.* A major medical or catastrophe converted policy may be subject to an aggregate maximum benefit limit per person of [$200,000] *$350,000*.

[E.] *G. Benefit Periods and Benefit Limits.*

(1) The converted policy may use a definition of benefit period similar to that contained in the group policy from which conversion is made or may use a calendar year benefit period.

(2) The *converted* policy may contain a benefit limit for each benefit period.

(3) [This] *The benefit* limit need not be greater than the limit for each benefit period which was available under the group policy, or [$50,000] *$87,500*, if less.

[F.] *H.* The benefits required under [A and B] *$$C and D* of this regulation may be combined in a comprehensive policy which affords benefits at least as favorable as those required under [A and B] *$$C and D of this regulation*, when both are applicable.

[.12] .11 Benefit Levels.

If the coverage under the group policy from which conversion is being made provided benefits less than those which would be required in Regulation [.11] *.10* of this chapter, the [insurer] *carrier*, at its option, may provide a converted policy with benefits which are substantially similar to those provided under the group policy instead of offering the plans required in Regulation [.11] *.10 of this chapter*.

[.13] .12 Out-of-State Conversions.

A. A converted policy which is delivered outside of Maryland as a conversion from a *group* policy issued in Maryland shall be on a form which is permitted to be delivered in the other jurisdiction.

B. If the [insurer] *carrier* is prohibited by the law of the other jurisdiction from issuing a converted policy by reason of not being licensed in that jurisdiction, the [insurer] *carrier* shall provide coverage in accordance with the requirements of these regulations under a group policy issued in Maryland or in another jurisdiction in which the [insurer] *carrier* is licensed.

[.15] .13 Modified Requirements.

Upon request of [an insurer] *a carrier*, the Commissioner may grant approval for modification of any of the minimum specifications or other requirements of these regulations upon a showing by the [insurer] *carrier* that modification is equitably warranted.

[.16] .14 Notification.

A. The insured person whose coverage under a group policy terminates and who is entitled to make application for a converted policy shall be notified of this right, [as well as of the option to elect to continue coverage under the group policy,] on or before the date of termination of coverage, but not more than 61 days before.

B. An insured person who receives the timely notice of the conversion privilege, as described in §A of this regulation, shall be given the right to apply for the converted policy until at least 45 days after the date the individual's coverage under the group policy terminates.

C. If the insured person is not [so notified] *provided the notification described in §A of this regulation*, then the insured person shall have the right to apply for a converted policy [or for continuation of coverage] within the time stated in the notice which shall be at least 31 days after the date of the notice, except that the late notice may not extend the period for making application beyond 90 days after the termination of coverage in the group policy.

[B.] *D.* [Written] *Except as provided in §E of this regulation, written* notice presented to the insured person or mailed by the group policyholder to the last known address of the insured person or mailed by the [insurer] *carrier* to the last known address of the insured person as furnished by the policyholder shall constitute notice for the purpose of this regulation.

E. [However, notice] *Notice* given by the policyholder or the [insurer] *carrier* by mail which is returned undelivered does not constitute notice for the purpose of this regulation.

[C.] *F.* Unless the written notice is to be provided by the [insurer] *carrier*, the group policy shall contain a provision to the effect that notice of the conversion [and continuation privileges] *privilege* shall be given by the group policyholder to the affected certificate holder upon termination of coverage of the insured person.

RALPH S. TYLER
Insurance Commissioner