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BULLETIN 11-19

DATE: August 17, 2011

TO: All Property & Casualty Insurers, All Property & Casualty Producers and Interested Parties

RE: Temporary Moratoriums and Weather Events

With hurricane season upon us, the Maryland Insurance Administration reminds insurers and producers of Administration regulations governing temporary moratoriums to address approaching storms, weather events, or certain other events or emergencies. Pursuant to COMAR 31.08.12, any carrier seeking to implement a temporary moratorium must have previously filed with the Administration its moratorium protocol. The protocols are designed to have the least impact on the conduct of business in the State and may only be triggered under certain circumstances. While there are some exceptions set forth in 31.08.12.04, generally the limitations in 31.08.12.03 apply. Specifically, 31.08.12.03 (C) states, in part:

(C) Moratoriums shall be based on the following weather or non-weather related events or emergencies and are not effective until:

(1) The National Weather Service issues a hurricane or tropical storm watch, warning, or advisory for part of the State or the entire State;....

In addition, paragraph D sets forth a limitation as to the scope of the moratorium by stating, in part:

(D) The moratorium shall be limited to:

(1) Those areas of the State that are impacted by the National Weather Service watch, warning, or advisory;...

And paragraph E of the regulation makes clear that the moratorium may only be applied to those lines of business that are reasonably expected to be impacted by the impending weather event.

Until such time as the National Weather Service has issued a warning or watch for any part of the State of Maryland, no insurer may implement a moratorium. To assist carriers in properly implementing a temporary weather related moratorium, we would direct your attention to the National Weather Service website at: <http://www.nws.noaa.gov> or <http://www.nhc.noaa.gov> and then click on Maryland to see if any warnings, watches or advisories are in place for the State or any portion thereof.

In addition, the regulation requires a carrier to provide notice to the Administration of its intent to implement a moratorium. This can be done either by using the electronic mail box (Commissioner@mdinsurance.state.md.us) or through the System for Electronic Rate and Form Filing (SERFF). No filing fees will be required. When submitting the filing through SERFF, the filing should be submitted as a Rule and by Line of Business affected. The filing description must state; REQUEST TO ACTIVATE MORATORIUM, and reference the SERFF filing number under which the insurer's moratorium filing was originally filed.

Finally, once a moratorium is implemented by a carrier, the carrier must monitor the moratorium regularly and lift it at the first reasonable opportunity to do so. **In no event, may a moratorium be continued for more than 24 hours after the termination of the last warning issued for any part of the State of Maryland or the entire State per COMAR 31.08.12.05.**

Any questions regarding these requirements should be directed to Joy Hatchette, Associate Commissioner, Consumer Education and Advocacy at jhatchette@mdinsurance.state.md.us or by calling 410-468-2029.

**Therese M. Goldsmith
Commissioner**

By: SIGNATURE ON ORIGINAL
Joy Hatchette, Associate Commissioner
Consumer Education & Advocacy