

LARRY HOGAN  
Governor

BOYD K. RUTHERFORD  
Lt. Governor



AL REDMER, JR.  
Commissioner

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Deputy Commissioner

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June 2, 2015

Administrative, Executive and Legislative Review (AELR) Committee  
90 State Circle  
Annapolis, MD 21401

Governor's Office  
Attn: Mike Richard, Deputy Chief of Staff  
State House  
Annapolis, MD 21401

Division of State Documents  
State House  
Annapolis, MD 21401

State Publications Depository and Distribution Program  
Attn: Brigid Sye-Jones  
Enoch Pratt Free Library  
400 Cathedral St.  
Baltimore, MD 21201

Department of Legislative Services Library  
90 State Circle  
Annapolis, MD 21401

RE: Regulatory Review and Evaluation Act Evaluation Report-COMAR 31.01

Dear Sir or Madam:

I am filing the required number of copies of the attached Evaluation Report on behalf of the Maryland Insurance Administration as follows:


- AELR Committee-one copy
- Governor's Office (Mike Richard)-one copy
- Division of State Documents-one copy

- State Library Resource Center via State Publications Depository and Distribution Program (Brigid Sye-Jones)-sixteen copies
- Department of Legislative Services Library-five copies

If you have any questions, or require additional information, please contact me at the above-referenced telephone number and email address.

Sincerely,

*Signature on original*

A black rectangular redaction box covers the signature area. Faint blue ink scribbles are visible above and below the box.

Catherine Grason  
Director of Regulatory Affairs, Office of the Commissioner

cc: Al Redmer, Insurance Commissioner  
Van Dorsey, Principal Counsel

**Regulatory Review and Evaluation Act  
Evaluation Report Form  
2012 – 2020**

Chapter Codification:

Chapter Name:

Authority:

Date Originally Adopted or Last Amended:

Purpose:

**A. Review Criteria.** (State Government Article, §10-132(1)(i), Annotated Code of Maryland; COMAR 01.01.2003.20E)

- (1) Do the regulations continue to be necessary for the public interest?  Yes  No
- (2) Do the regulations continue to be supported by statutory authority and judicial opinion?  Yes  No
- (3) Are the regulations obsolete or otherwise appropriate for amendment or repeal?  Yes  No
- (4) Are the regulations effective in accomplishing their intended purpose?  Yes  No

**B. Outreach and Research.** (State Government Article, §10-135(a)(2)(i)–(viii), Annotated Code of Maryland)

- (1) List any stakeholders invited to review the regulations and provide a summary of their participation in and input into the review process.

- (2) List any other affected agencies that were invited to review the regulations and provide a summary of their participation in and input into the review process.

All State agencies were notified through publication in the *Maryland Register* and on the Secretary of State's Division of State Documents (DSD) website. No comments were received.

- (3) Describe the process used to solicit public comment, including:
- (a) any notice published in the *Maryland Register*;
  - (b) any notice published in newspapers of general circulation;
  - (c) any notice posted on the unit's website or on a Statewide website created for units to post notices of regulation review;
  - (d) any mailing by the adopting authority; and
  - (e) any public hearing held.

Notice was published in the *Maryland Register*, on the DSD website, and on the following pages of the MIA website: Proposed Regulations, News Center, For Insurers, For Producers, and For Consumers. In addition, subscribers to these web pages received an email message alerting them to the regulatory review notice. Every notice included an email link for people wishing to submit comments. Comments were collected for sixty (60) days. No comments were received.

- (4) Provide summaries of:
- (a) all comments received from stakeholders, affected units, or the public; and
  - (b) the adopting authority's responses to those comments.

N/A.

- (5) Describe any interunit conflict reviewed and the resolution or proposed resolution of that conflict.

N/A.

- (6) Provide a summary of any relevant scientific data gathered.

N/A.

- (7) Provide a summary of any relevant information gathered related to the regulations of other states or the federal government.

N/A.

(8) Provide a summary of any other relevant information gathered.

N/A.

C. Under COMAR 01.01.2003.20E(3), does the agency have any existing policy statements, guidelines, or standards being applied or enforced which should be promulgated as regulations, in accordance with the Administrative Procedure Act?  Yes  No

Has the agency promulgated all regulations required by recent legislation?  Yes  No

Provide explanations of the above responses, as needed:

N/A. There are no existing policy statements, guidelines, or standards pertaining to standards for the construction and application of all regulations being applied or enforced which should be promulgated as regulations in accordance with the Administrative Procedure Act. Likewise, there is no recent legislation pertaining to standards for the construction and application of all regulations requiring promulgation of regulations or amendments to COMAR 31.01.01.

D. **Actions Needed.** (State Government Article, §10-135(a)(2)(ix) – (xi), Annotated Code of Maryland) (check all that apply)

- no action
- amendment
- repeal
- repeal and adopt new regulations
- reorganization

Summary:

This chapter continues to be necessary for the public interest, and continues to be supported by statutory authority and judicial opinions. These regulations continue to be relevant and necessary to carry out the statutory provisions set forth in the Insurance Article, Annotated Code of Maryland.

The MIA will propose the following technical changes to this Chapter to remove obsolete references and to provide clarity:

- Regulation .01: Replace the word "effectuation" with the phrase "carry out";

(continued on next page)

- Regulation .04:
  - Edits:
    - Attorney – Amend to read “Attorney in fact”;
    - Insurance Adviser – Amend to read “Adviser”;
    - Personal Insurance Insurable Interest - Delete because this term does not appear anywhere in Title 31; and
    - State (2nd entry) add a comma and the words “Impaired Entities” –Provides helpful context for use of term “state” in referenced statute.
  - New definitions to include because terms are utilized in Title 31:
    - Qualified jurisdiction - 5-901(d);
    - Qualified United States Financial Institution - 5-901(e); and
    - Ultimate Controlling person - 7-101(h).
- Regulation .05:
  - Annual Statement Filing - Forfeiture - strike “forfeiture” and insert “penalty”;
  - Acquisitions Disclosure & Control Act - remove both references as the term is not used in Title 31;
  - General Penalty, Willful violation - insert the word "Criminal" after “General”;
  - Insurer - License Revocation - strike “License” and insert “Certificate of Authority.” Also, strike reference to §3-208 of the Insurance Article as it is redundant with the “reciprocal insurer” definition;
  - Nonprofit health service plan - fines, etc. - strike “fines and etc.,” and replace it with “criminal penalties”;
  - Reciprocal Insurer - License Revocation - strike “License” and insert “Certificate of Authority”;
  - Surplus Lines - Evidence of Insurance - add “misdemeanor”;
  - Omit Surplus Lines - Statements and Taxes and §3-325. This is not a penalty;
  - Unauthorized Insurers Premium Penalty - add “For Late Payment”;
  - Unfair trade practices, prohibited - strike prohibited and insert “cease and desist”; and
  - Witnesses and Evidence - add a comma and then “failure to comply with subpoena, inquiry.”

Person performing review:

Catherine Grason, Esq.

Title:

Director of Regulatory  
Affairs