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Bulletin 15-04

Date: January 23, 2015

To: All P&C Insurance Companies, The Maryland Automobile Insurance Fund and The Joint Insurance Association

Re: Draft Proposed Regulation 31.01.02 – Emergency Powers

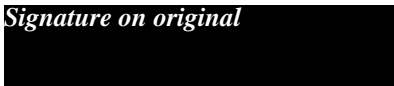
The purpose of this Bulletin is to notify all property and casualty insurers of the draft proposed regulations and to solicit comments from interested parties prior to finalizing and formally submitting the proposed regulations to the Joint Committee on Administrative Executive and Legislative Review (AELR) for review and to the Division of State Documents for publication in the Maryland Register. The authority for the regulations can be found in Section 2-115 of the Insurance Article. The regulations are being proposed as a result of requests we have received from the property and casualty insurers to increase the uniformity of the data requested by the various states after a disaster.

A copy of the draft proposed regulations is attached to this Bulletin. The draft regulations would revise the existing regulations to make the data requested after a disaster to the extent appropriate with the data requested by the other states.

Written comments will be accepted for thirty days from the date of the Bulletin's issuance. All comments should be addressed to Catherine Grason, Director of Regulatory Affairs at catherine.grason@maryland.gov. If there are any questions, Ms. Grason can be reached at 410-468-2201.

Al Redmer, Jr.
Commissioner

Signature on original

By: 
Joy Hatchette, Associate Commissioner
Consumer Education & Advocacy

Title 31 MARYLAND INSURANCE ADMINISTRATION

Subtitle 01 GENERAL PROVISIONS

Chapter 02 Emergency Powers

Authority: Insurance Article, §2-115; Health General Article, §19-706; Annotated Code of Maryland

.02 Applicability.

A. (text unchanged)

B. This chapter also applies to the Maryland Automobile Insurance Fund (MAIF)[,] and the Joint Insurance Association (JIA)[, the Injured Workers Insurance Fund (IWIF) and the Maryland Health Insurance Plan (MHIP)].

.03 Definitions.

A. (text unchanged).

B. Terms Defined.

(1) *All Other Lines.*

(a) "All other lines" means any line of business or coverage that is not included in any of the line/coverage definitions under this section for which claims attributable to a disaster subject to a data call were reported.

(b) "All other lines" does not include mortgage/financial guaranty, title, fidelity, surety, medical malpractice, or professional liability insurance lines of business.

(2) "Business interruption insurance" means insurance that covers the loss of income, continuing fixed expenses or extra expenses a business suffers after a disaster while its facility is either closed because of the disaster or in the process of being rebuilt after the disaster.

(3) *Case Incurred Loss.*

(a) "Case incurred loss" means indemnity case reserves plus payments to date.

(b) "Case incurred loss" does not include estimates of incurred but not reported (IBNR) losses.

[(1)](4) "Casualty insurance" [means] has the meaning stated in Insurance Article, §1-101, Annotated Code of Maryland.

(5) *Claims Closed with Payment.*

(a) "Claims closed with payment" means all claims closed where a loss payment was made regardless of the date of loss or when the claim was received.

(b) "Claims closed with payment" does not include claims closed where loss adjustment expense was incurred but no payment to the insured was made.

(6) *Claims Closed without Payment.*

(a) "Claims closed without payment" means all claims closed where no loss payment was made regardless of the date of loss or when the claim was received.

(b) "Claims closed without payment" includes claims closed where loss adjustment expense was incurred but no payment to the insured was made.

(7) "Claims reported" means all claims reported regardless of whether a payment was made.

[(2)](8) "Closed claim" means a claim:

(a) [A claim that] That has been settled and the claimant has received a payment even if the claimant may receive additional payment or payments from the insurer if the claimant provides additional information to the insurer regarding replacement or other costs as they are incurred;

(b) [The] For which the claimant has not received a payment because the amount is less than the deductible;

(c) [The claim] That has been withdrawn by the insured; or

(d) [The claim] That has been denied.

(9) "Commercial auto insurance" means liability and physical damage insurance that covers vehicles used for commercial purposes.

(10) "Commercial property" means all property not categorized as residential property.

(11) "Farm owners insurance" means insurance that provides liability coverage and coverage for damage to physical structures and other property located on a farm.

[(3)](12) (text unchanged)

[(4)](13) "Health carrier" means:

(a) An insurer;

(b) A nonprofit health service plan;

(c) A health maintenance organization; and

(d) A dental plan organization.; and

(e) The Maryland Health Insurance Plan.]

[(5)](14) (text unchanged)

(15) "Homeowner's insurance" means insurance for residential property provided under:

- (a) A homeowner's policy;
- (b) A condominium owner's policy;
- (c) A mobile homeowner's policy;
- (d) A renter's policy; or
- (e) A noncommercial farm owner's policy.

[(6)](16) (text unchanged)

(17) "Loss Payment" means the portion of an incurred loss that is paid by the insurer.

(18) "Percentage of claims closed" means a percentage calculated as (Claims closed with payment + Claims closed without payment)/(Claims reported).

[(7)](19) (text unchanged)

(20) Private Passenger Auto Insurance.

(a) "Private passenger auto insurance" means liability and physical damage insurance that covers a vehicle driven for personal use.

(b) "Private passenger auto insurance" includes automobiles, motorcycles and recreational vehicles.

(21) "Privately issued flood insurance" means specific insurance coverage against property loss from flooding under any policy or endorsement, issued by any entity other than the National Flood Insurance Program (NFIP).

[(8)](22)- [(9)](23) (text unchanged)

(24) Workers' Compensation Insurance

(a) "Workers' compensation insurance" means insurance providing wage replacement and medical benefits to employees injured in the course of employment in exchange for mandatory relinquishment of the employee's right to sue his or her employer for the tort of negligence.

(b) "Workers' compensation insurance" includes associated employer's liability coverage.

.04 Disaster Contact Personnel.

A. (text unchanged)

B. The information required under §A of this regulation shall also be provided by:

- (1) Health maintenance organizations licensed to operate in Maryland;
- (2) The Maryland Automobile Insurance Fund;
- (3) The Joint Insurance Association; and
- [(4)] The Injured Workers Insurance Fund;
- (5) The Maryland Health Insurance Plan; and]
- [(6)](4) Premium finance companies.

C. (text unchanged)

.07 Property and Casualty.

A. The bulletin issued by the Commissioner under Regulation .05 of this chapter may require insurers authorized in the State to write property and casualty insurance, the Maryland Automobile Insurance Fund, [the Injured Workers Insurance Fund,] and the Joint Insurance Association to:

(1) (text unchanged)

(2) Extend the time periods for completion of repairs to an affected property in the event that repairs necessitated by the disaster or catastrophic event cannot be completed within the time period required under the policy; [and]

(3) Provide any or all of the [following] data listed in § C in a manner required by the Commissioner in the bulletin; and [if the company is unable to provide all the information, provide the Commissioner with a detailed explanation as to why it is unable to provide this information and state what information it can provide:

Name of Company:

NAIC #:

Name of person to contact with any questions:

Mailing address of contact person:

Email address of contact person:

Phone number of contact person:

By Either County or Zip Code (Please indicate which you are using)

1. Homeowners. (This should include renters, dwelling fire, condominium unit owners, manufactured homes, and mobile homes.)

- a. Number of claims.
 - b. Number of total losses. (Total loss is defined as a claim that requires settlement at the maximum limit of coverage under the policy on the covered property.)
 - c. Amount of total losses.
 - d. Number of properties where additional living expenses are being paid.
 - e. Amount paid on claims to date.
2. Commercial.
- a. Property Losses.
 - (i) Number of claims.
 - (ii) Number of total losses.
 - (iii) Amount of total losses.
 - (iv) Number of properties which initially could not be occupied but were repairable.
 - (v) Amount paid on claims to date.
 - b. Loss of Use/Business Interruption.
 - (i) Number of claims.
 - (ii) Amount paid on claims to date.
 - c. Other. For each additional category:
 - (i) Type of claim;
 - (ii) Number of claims; and
 - (iii) Amount paid on claims to date.
3. Farm Owners.
- a. Number of claims.
 - b. Amount paid on claims to date.
4. Auto.
- a. Number of claims.
 - b. Amount paid on claims to date.
5. Other. (Any other line not specifically listed above.)
- a. Type of claim;
 - b. Nature of claim; and
 - c. Amount paid on claims for each additional category.
6. Flood Insurance (Both privately issued and written through the National Flood Insurance Program.)
- a. Number of claims.
 - b. Amount paid on claims to date.
7. Total Number of Maryland Claims Received.
- a. Total number of claims received.
 - b. What percentage of claims received are now closed claims.
 - c. Total dollar amount paid to date. (Indicate whether this amount includes amounts reserved for claims.)
 - d. Average time it took to close a claim. (Aging should begin the date the claim is reported.)
8. By Either County or Zip Code. (Please indicate which you are using.)
- a. Total number of claims received.
 - b. Percentage of the above claims now closed.
 - c. Total dollar amount paid to date. (Indicate whether this amount includes amounts reserved for claims.)
 - d. Average time it took to close a claim.]

(4) On request of the Commissioner, provide any additional information that the Commissioner determines is necessary because of the nature of the emergency.

B. If a company is unable to provide all of the information required by the Commissioner under this regulation, the company shall provide the Commissioner with a detailed explanation of why it is unable to provide the information and state what information the company can provide.

C. By a bulletin issued under Regulation .05 of this chapter, the Commissioner may require authorized insurers to provide any or all of the following information:

- (1) NAIC group number and group name.*
- (2) NAIC company number and company name. (List all companies that are included in the group.)*
- (3) Name of person to contact with any questions.*
- (4) Mailing address of contact person.*
- (5) Email address of contact person.*
- (6) Phone number of contact person.*

(7) For each line of insurance defined in Regulation .03 of this chapter and all other lines, the following information by zip code:

- (a) Number of claims received.*
- (b) Amount paid on claims to date. (Indicate whether this amount includes amounts reserved for claims.)*
- (c) Number of claims closed with payment.*
- (d) Number of claims closed without payment.*

- (e) *Case incurred loss.*
- (f) *Percentage of claims closed both with and without payment.*
- (g) *Average time it took to close a claim. (Aging should begin the date the claim is reported.)*
- (8) *For each line of insurance defined in Regulation .03 of this chapter and all other lines, the following information on a statewide basis:*
 - (a) *Total number of Maryland claims received.*
 - (b) *Amount paid on Maryland claims to date. (Indicate whether this amount includes amounts reserved for claims.)*
 - (c) *Number of Maryland claims closed with payment.*
 - (d) *Number of Maryland claims closed without payment.*
 - (e) *Maryland case incurred loss.*
 - (f) *Percentage of Maryland claims closed both with and without payment.*
 - (g) *Average time it took to close a Maryland claim. (Aging should begin the date the claim is reported.)*
- (9) *Specify what lines the company has included in all other lines.*
- (10) *For homeowner's insurance, the number of open and closed claims where additional living expenses are being or have been paid.*
- (11) *For commercial property insurance, the number of properties that initially could not be occupied but were repairable.*

D. Reporting Instructions.

- (1) *Losses under business interruption insurance should be reported under "business interruption insurance" and not under "commercial property insurance."*
 - (2) *Experience for vehicles covered by commercial auto insurance is reported on lines 19.3, 19.4 and 21.2 of the P&C annual statement.*
 - (3) *Experience for flood coverage provided as an additional peril without endorsement under a residential or commercial property policy may be included with the associated property policy.*
 - (4) *Experience for vehicles covered by private passenger auto insurance is reported on lines 19.1, 19.2 and 21.1 of the P&C annual statement.*
 - (5) *Experience for workers' compensation insurance as reported on line 16 of the P&C annual statement.*
- [B.](E.). *If the Commissioner requires suspension of policy cancellations and nonrenewals, [A] a property and casualty insurer, the Maryland Automobile Insurance Fund,[the Injured Workers Insurance Fund,] or the Joint Insurance Association may cancel or refuse to renew any policy, after proper notice is issued, if:*
- (1)-(2) *(text unchanged)*
- [C.](F.) *(text unchanged)*
- [D.](G.) *A property and casualty insurer, the Maryland Automobile Insurance Fund, [the Injured Workers Insurance Fund,] or the Joint Insurance Association may deduct any premium payments past due from a claim payment made to the insured under the insurance policy from the effective date of the bulletin issued pursuant to Regulation .05 of this chapter until 60 calendar days after the expiration of the bulletin.*