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BULLETIN 14- 17

To: **All Interested Parties Including Insurers, Non-Profit Health Service Plans, Health Maintenance Organizations, Dental Plan Organizations, Pharmacy Benefit Managers, and Producers**

Re: **Summary of 2014 Insurance Legislation Signed into Law by Governor Martin O'Malley**

Date: **June 16, 2014**

This summary is meant to place insurers, nonprofit health service plans, health maintenance organizations, dental plan organizations, pharmacy benefits managers, and producers (regulated entities) authorized to do business in Maryland on notice of certain laws passed during the 2014 Session of the Maryland General Assembly that are enforced by the Maryland Insurance Administration (MIA). ***The attached summary is intended only as notice of passage of the legislation and is not a representation of the MIA's interpretation of the new law, nor is it a representation of how the MIA may enforce these new provisions.*** All regulated entities should refer to the Chapter Laws of Maryland for the 2014 Session for the complete text of these recently enacted laws. Regulated entities are advised that other bills passed by the General Assembly and not listed on the summary may also affect their business operations in Maryland.

You may obtain a copy of a specific law passed by the General Assembly during the 2014 Session by accessing the Maryland General Assembly's web site at http://mgaleg.maryland.gov or by contacting the Department of Legislative Services at (410) 946-5400. You should refer to the House or Senate Bill number when searching for a law on the web site. You may also obtain a copy of "*The 90 Day Report – A Review of the 2014 Legislative Session*" on the Internet or from Library and Information Services, Office of Policy Analysis, Department of Legislative Services.

For additional information concerning the MIA's summary of 2014 insurance legislation, please contact Nancy Egan at (410) 468-2488 or nancy.egan@maryland.gov.

2014 INSURANCE LEGISLATION

LIFE AND HEALTH

HOUSE BILL 106 (Chapter 84) – Senior Prescription Drug Assistance Program – Sunset Extension

- Extends until the end of December 31, 2016, the termination date of and the subsidies offered to enrollees of the Senior Prescription Drug Assistance Program under §14-106 of the Insurance Article.

Effective Date: ***October 1, 2014***

HOUSE BILL 625 (Chapter 68) /SENATE BILL 641 (Chapter 67) – Kathleen A. Mathias Oral Chemotherapy Improvement Act of 2014

- Repeal the exception that applied to health benefit plans that provide essential health benefits under § 1302(a) of the Affordable Care Act (ACA). The result is that all health benefit plans issued in Maryland, including individual and small employer health benefit plans issued. delivered or renewed in Maryland on or after January 1, 2015, are prohibited from imposing cost-sharing requirements on coverage for orally administered chemotherapy that are less favorable to an insured or enrollee than the cost-sharing requirements that apply to coverage for chemotherapy that is administered intravenously or by injection.

Effective Date: ***April 8, 2014***

HOUSE BILL 693 (Chapter 610) – Health Insurance – Essential Health Benefits – Pediatric Dental Benefits

- Establishes an exemption from the requirement to provide pediatric dental essential health benefits in a health benefit plan offered outside the Maryland Health Benefit Exchange (Exchange).

- Establishes parameters for the exemption. To be exempt, a carrier is required to: (1) disclose that the health benefit plan does not provide the pediatric dental essential health benefits; and (2) be reasonably assured that the enrollee has obtained full coverage of pediatric dental essential health benefits through a stand-alone dental plan certified by the Exchange.

- Establishes requirements for the stand-alone dental plan sold off the Exchange to be certified by the Exchange. To be certified, a stand-alone dental plan contract must be reviewed and approved by the Maryland Insurance Administration (MIA) and meet certain requirements. The requirements include that the stand-alone dental plan: (1) covers the pediatric dental essential health benefits; (2) complies with annual limits and lifetime limits applicable to essential health benefits; (3) complies with annual limits on

cost sharing applicable to stand-alone dental plans under federal law; and (4) meets the same actuarial value requirement for the pediatric dental essential health benefits that is required for a qualified dental plan.

- Requires the MIA to post on its website a list of the Exchange certified stand-alone dental plans in the State.

Effective Date: ***May l5, 2014***

HOUSE BILL 761 (Chapter 422) – <u>Health Insurance – Specialty Drugs</u>

- Prohibits carriers that provide coverage for prescription drugs under individual, group or blanket health insurance contracts from imposing a copayment or coinsurance requirement on a covered specialty drug that exceeds $150 for a 30-day supply.

- Defines "specialty drug" as a prescription drug that: (1) is prescribed for an individual with a complex or chronic medical condition or a rare medical condition; (2) costs $600 or more for up to a 30-day supply; (3) is not typically stocked at retail pharmacies; and (4) requires a difficult or unusual process of delivery to the patient in the preparation, handling, storage, inventory, or distribution of the drug or requires enhanced patient education, management, or support, beyond those required for traditional dispensing, before or after administration of the drug.

- Provides for an annual increase to the permissible maximum copayment or coinsurance to reflect medical care inflation.

- Provides that a determination by a carrier that a prescription drug is not a specialty drug is considered a coverage decision for purposes of an appeal. If a carrier determines that a prescription drug is not a specialty drug on the basis that it is not prescribed for an individual with a complex or chronic medical condition or a rare medical condition, the Insurance Commissioner may seek advice from an independent review organization or medical expert at the expense of the carrier.

- Permits a carrier to provide coverage for specialty drugs through a managed care system**.**

- Specifies that a carrier is not precluded from requiring a covered specialty drug to be obtained through a designated pharmacy or other authorized source or a pharmacy participating in the carrier's network, if the pharmacy meets certain performance standards and accepts the carrier's network reimbursement.

- Applies to policies, contracts, and health benefit plans issued, delivered or renewed in Maryland on and after January 1, 2016.

Effective Date: ***October 1, 2014***

HOUSE BILL 779 (Chapter 614) – Maryland Health Care Commission – Health Care Provider - Carrier Workgroup

- Requires the Maryland Health Care Commission (MHCC) to establish a Health Care Provider-Carrier Workgroup to provide a mechanism for health care providers and carriers to resolve disputes on issues over which no State agency has statutory or regulatory authority. By January 1, 2016, and each year thereafter, MHCC staff is required to submit a report to MHCC and the General Assembly. MHCC staff is required, at least annually, to solicit issues for consideration by the Workgroup from specified sources including members of the General Assembly and the MIA.

Effective Date: ***October 1, 2014***

HOUSE BILL 806 (Chapter 615) – Health Information Exchanges – Protected Health Information – Regulations

- Requires the MHCC to adopt regulations regarding protected health information (PHI) obtained or released through a health information exchange to govern the access, use, maintenance, disclosure, and redisclosure of PHI as required by State or federal law, including the Health Insurance Portability and Accountability Act (HIPAA) and the Health Information Technology for Economic and Clinical Health Act.

Effective Date: ***October 1, 2014***

HOUSE BILL 856 (Chapter 259) /SENATE BILL 592 (Chapter 181) – Workgroup on Workforce Development for Community Health Workers

- Require the Department of Health and Mental Hygiene (DHMH) and the MIA to jointly establish a Workgroup on Workforce Development for Community Health Workers (CHW).

- Require the Workgroup to study and make recommendations regarding: (1) the training and credentialing required for CHWs to be certified as nonclinical health care providers; and (2) reimbursement and payment policies for CHWs through Medicaid and private insurers.

Effective Date: ***June 1, 2014***

HOUSE BILL 1233 (Chapter 317) – Health Insurance – Step Therapy or Fail-First Protocol

- Requires the MHCC to work with payors and providers to attain benchmarks for overriding a payor's step therapy or fail-first protocol for prescription drugs.

- Requires payors who require a step therapy or fail-first protocol for prescription drugs to establish a process for a provider to override the step therapy or fail-first protocol by July 1, 2015.

- Prohibits a step therapy or fail-first protocol for prescription drugs from being imposed if the step therapy drug has not been approved by the FDA for the medical condition being treated (i.e., off-label use) or a prescriber provides supporting medical information to the carrier or pharmacy benefit manager (PBM) that a prescription drug covered by the carrier or PBM: (1) was ordered for the insured or enrollee within the past 180 days; and (2) based on the professional judgment of the prescriber, was effective in treating the insured's or enrollee's medical condition.

Effective Date: ***July 1, 2014***

SENATE BILL 96 (Chapter 23) – <u>Health Insurance – Conformity with and Implementation of the Federal Patient Protection and Affordable Care Act</u>

- Establishes initial permit, permit renewal, and permit reinstatement fees for a SHOP Exchange enrollment permit.

- Clarifies the Insurance Commissioner's authority to enforce the guaranteed availability of coverage requirements of the ACA.

- Repeals conversion requirements for dependent spouses of employees covered under group and blanket health insurance contracts. Repeals obsolete references to conversion rights.

- Revises the wellness program requirements to be consistent with federal regulations (45 CFR § 146.121).

- Authorizes carriers for those individual policies sold on the Exchange that receive advance premium tax credits to suspend review of a claim until premiums are paid if a policy is in the second or third month of a grace period.

- Applies various small employer special enrollment provisions for placement of a foster child with an individual.

- Adds new triggering events for special enrollment periods for employees of small employers in the following circumstances: (1) When the SHOP Exchange or one of its employees or agents makes an error or misrepresentation affecting the enrollment or non-enrollment of an employee or dependent; and (2) For an employee who is an Indian as defined in the federal Indian Health Care Improvement Act.

- Repeals provisions in small employer coverage requirements that are inconsistent with the ACA's guarantee availability requirement, including requiring part-time employees to

have been continuously employed for at least four months before being offered coverage and permitting an employer to not offer coverage to employees with other coverage.

- Amends the definition of "eligible individual" for individual health benefit plans by no longer requiring an eligible individual to have creditable coverage.

- Repeals carrier reporting requirement regarding declinations of coverage in the individual market and repeals the requirement that carriers provide notice to declined individuals of the Maryland Health Insurance Plan (MHIP).

- Amends the dates for annual open enrollment in the individual market to conform with new federal open enrollment dates.

- Adds new special enrollment period triggering events in the individual market: (1) for placement of a foster child with an individual; (2) when an individual enrolled in an employer-sponsored plan is determined newly eligible for advance payments of premium tax credits; and (3) when an individual was not enrolled in a qualified health plan due to misconduct of a non-Exchange entity providing enrollment assistance or conducting enrollment activities.

- Revises the definition of creditable coverage to comply with the definition in HIPAA by adding Title XXI of the Social Security Act as creditable coverage.

Effective Date: ***July 1, 2014***

SENATE BILL 98 (Chapter 25) – <u>Health Insurance – Medicare Marketing Rules</u>

- Clarifies the Insurance Commissioner's authority to enforce prohibitions of certain marketing activities when soliciting or advertising the sale of a Medicare Advantage Plan, Medicare Advantage Prescription Drug Plan, Medicare Prescription Drug Plan (Part D), or Medicare Section 1876 Cost Plan, including door-to-door solicitation approaching Medicare beneficiaries in common areas, and telephone or electronic solicitation. Failure to comply may subject an insurance producer to action pursuant to §10-126 of the Insurance Article.

Effective Date: ***October 1, 2014***

SENATE BILL 134 (Chapter 1) – <u>Maryland Health Insurance Plan – Access for Bridge Eligible Individuals</u>

- Provides access to health benefits for a "bridge-eligible individual" through MHIP on a prospective basis, as well as on a retroactive basis, beginning no earlier than January 1, 2014.

- Defines a "bridge-eligible individual" as an individual who was eligible for enrollment through the Exchange and provided evidence that the individual had attempted to obtain

insurance through the Exchange and was unsuccessful in enrolling in coverage. A "bridge-eligible individual" does not include those eligible for Medicare, Medicaid, the Maryland Children's Health Program, or an employer-sponsored group health insurance plan that included comparable benefits.

- Repeals a requirement that enrollment in MHIP be closed as of December 31, 2013. Provides that enrollment in MHIP will be closed to any "bridge-eligible individual" who has not applied for enrollment in MHIP by March 31, 2014.

- Provides that enrollment of a bridge-eligible individual terminates on the effective date of enrollment in a qualified health plan through MHBE.

Effective Date: ***This emergency legislation took effect January 30, 2014 and remains in effect through June 30, 2015.***

SENATE BILL 416 (Chapter 163) – <u>Health Maintenance Organizations – Payments to Nonparticipating Providers – Repeal of Termination Date</u>

- Repeals the termination date on provisions of law that require health maintenance organizations (HMOs) to pay specified rates for a covered service rendered to an HMO enrollee by noncontracting health care providers.

Effective Date: ***October 1, 2014***

SENATE BILL 790 (Chapter 72) – <u>Health Insurance – Communications Between Carriers and Enrollees – Conformity with the Health Insurance Portability and Accountability Act (HIPAA)</u>

- Requires the Insurance Commissioner to develop and make available a standardized form for an enrollee to use to request confidential communications from an insurer, nonprofit health service plan, health maintenance organization, or dental plan organization. A carrier that requires an enrollee to make a request for confidential communications in writing must accept the standardized form.

- Permits a carrier to accept any other form of written request from an enrollee for confidential communications from a carrier under the HIPAA privacy rule.

- Specifies that certain written notices from an insurer to a claimant regarding denial of a claim made under an individual health insurance policy and annual summary explanations of benefits provided to an insured are subject to confidential communications requirements under the HIPAA privacy rule.

Effective Date: ***April 8, 2014***

SENATE BILL 884 (Chapter 204) – Health Insurance – Incentives for Health Care Practitioners

- Alters the circumstances under § 15-113 of the Insurance Article in which an insurer, nonprofit health service plan, health maintenance organization (HMO), or dental plan organization (carriers) may provide bonuses or other incentive-based compensation to a health care practitioner or to a set of health care practitioners.

- Provides that a bonus or other incentive-based compensation: (1) shall promote the provision of preventive health care services; or (2) may reward a health care practitioner or a set of health care practitioners based on satisfaction of performance measures, if the following is agreed to in writing: (a) the performance measures; (b) the method for calculating whether the performance measures are met; and (c) the method for requesting reconsideration by the health care practitioner or set of health care practitioners of the calculations by the carrier.

- Provides that acceptance of a bonus or other incentive-based compensation is required to be voluntary. A carrier may not require a health care practitioner or a set of health care practitioners to participate in the carrier's bonus or other incentive-based compensation program as a condition of network participation.

- Provides that a health care practitioner, a set of health care practitioners, or a designee may file a complaint with the MIA regarding a violation of § 15-113 of the Insurance Article.

Effective Date: ***October 1, 2014***

SENATE BILL 893 (Chapter 355) – Health Insurance – Insurance Laws That Apply to Health Maintenance Organizations – Consolidation and Clarification

- Clarifies that, except as otherwise provided in Title 19, Subtitle 7 of the Health-General Article or expressly provided in the Insurance Article, an HMO is not subject to the insurance laws of the State. The bill repeals multiple cross-references in § 19-706 of the Health-General Article that are no longer necessary since express references to HMOs already are found in the Insurance Article.

Effective Date: ***June 1, 2014***

SENATE BILL 952 (Chapter 363) – Pharmacy Benefits Managers – Pharmacy Contracts – Maximum Allowable Cost Pricing

- Requires a pharmacy benefits manager (PBM) to include the sources used to determine "maximum allowable cost" (MAC) pricing in each contract with a "contracted pharmacy."

- Defines "maximum allowable cost" as the maximum amount that a PBM or a purchaser will reimburse a contracted pharmacy for the cost of a multisource generic drug, a medical product, or a device.

- Defines "maximum allowable cost list" as a list of multisource generic drugs, medical products, and devices for which a MAC has been established by a PBM or a purchaser.

- Requires a PBM to update pricing information at least every seven days and to provide a means for contracted pharmacies to promptly review pricing updates.

- Requires a PBM to ensure that a drug meets specified criteria before placing a prescription drug on a MAC list.

- Requires a PBM to maintain a procedure to eliminate products from any MAC list.

- Requires that each contract between a PBM and a contracted pharmacy must include a process to appeal, investigate, and resolve disputes regarding MAC pricing.

- Requires that, if an appeal is upheld, a PBM must make the change in the MAC no later than one business day after the date of determination on the appeal and permit the appealing contracting pharmacy to reverse and rebill the claim and any subsequent similar claims.

Effective Date: ***January 1, 2015***

PROPERTY AND CASUALTY

HOUSE BILL 679 (Chapter 319) /SENATE BILL 624 (Chapter 318) – Insurance – Title Insurers – Title Insurance Commitment and Binders

- Establishes that a title insurance commitment or sample policy form is: (1) a written statement of the terms and conditions on which a title insurer is willing to issue a policy of title insurance if it accepts a premium; (2) is not a representation as to the state of title; and (3) does not constitute an abstract of title.

- Alters specified information that a title insurer is required to include in specified disclosures. Requires a specified title insurance commitment or sample form to contain a specified statement:

> "THIS DOCUMENT CONSTITUTES A STATEMENT OF THE TERMS AND CONDITIONS ON WHICH A TITLE INSURER IS WILLING TO ISSUE A POLICY OF TITLE INSURANCE IF THE TITLE INSURER ACCEPTS THE PREMIUM FOR THE POLICY. IT IS NOT A REPRESENTATION AS TO THE STATE OF TITLE AND DOES NOT CONSTITUTE AN ABSTRACT OF TITLE."

Effective Date: ***October 1, 2014***

SENATE BILL 16 (Chapter 4) – Chesapeake Employers' Insurance Company – Issuance, Renewal, and Cancellation of Policies – Authority

- Expands Chesapeake Employers' Insurance Company's (Chesapeake) authority to issue policies for employer's liability insurance and insurance under a federal compensation law.

- Adds additional grounds for a cancellation or nonrenewal of a Chesapeake workers' compensation policy for failure of an employer to reimburse Chesapeake for payment of a deductible.

Effective Date: ***April 8, 2014***

SENATE BILL 53 (Chapter 9) – Maryland Automobile Insurance Fund – Installment Payment Plan

- Permits the Maryland Automobile Insurance Fund (Fund) to discriminate among insureds by charging a different premium for those insureds who select to pay their premium in full versus those insureds who select, as a payment option, the Fund's installment plan or an installment plan offered through a premium finance company.

Effective Date: ***April 8, 2014***

SENATE BILL 79 (Chapter 15) – Limited Lines – Travel Insurance

- Alters provisions of law relating to limited lines insurance for transportation tickets to relate instead to limited lines travel insurance.

- Defines "travel insurance" as insurance coverage for personal risk incident to planned travel, including: (1) interruption or cancellation of a trip or an event; (2) loss of baggage or personal effects; (3) damage to accommodations or a rental vehicle; or (4) sickness, accident, disability, or death occurring during travel, if issued as incidental to other coverage listed in (1), (2) or (3). "Travel insurance" does not include a major medical plan that provides comprehensive medical protection for a traveler on a trip lasting six months or longer, such as an individual working outside the United States or military personnel being deployed.

- Authorizes the Insurance Commissioner to issue a limited lines travel insurance producer's license to an individual or a business entity to sell travel insurance. A limited lines travel insurance producer may be: (1) a licensed managing general agent or third-party administrator, or (2) a licensed insurance producer or limited lines insurance producer.

- Authorizes a travel retailer to offer and disseminate travel insurance under the direction of a limited lines travel insurance producer if certain requirements are met. Those

requirements include providing to the purchaser of travel insurance: (1) a description of the material terms of coverage, process for filing claims, and description of cancellation of coverage; (2) a disclosure that the offered coverage may duplicate coverage provided by the purchaser's other insurance already in force and the travel insurance would be primary to any other duplicate or similar coverage; (3) the identity and contact information of the insurer and producer offering coverage; and (4) contact information for filing a complaint with the MIA.

- Requires the limited lines travel insurance producer to establish and maintain a register of each travel retailer that offers and disseminates travel insurance on the producer's behalf and requires each employee or authorized representative of the travel retailer whose duties include offering and disseminating travel insurance to receive a program of instruction or training which is subject to review by the Insurance Commissioner.

- Requires the travel retailer to make available to a prospective customer written materials that: 1) provide the identity and contact information of the limited lines travel insurance producer overseeing the activities of the travel retailer; (2) explain that the purchase of travel insurance is not required in order to purchase any other product or service from the travel retailer; and (3) explain that a travel retailer is allowed to provide general information about the insurance offered and disseminated by the travel retailer, including a description of coverage and the price, but is not qualified or authorized to answer technical questions about the insurance terms and conditions or to evaluate the adequacy of the customer's existing insurance coverage.

- Permits payment of compensation to a travel retailer or its employees or authorized representatives for activities under the limited lines travel insurance producer's license that are incidental to the overall compensation of the travel retailer, or its employees, or authorized representative. Compensation may not be based primarily on the number of customers who purchase travel insurance coverage.

- Requires the MIA to track the number of complaints filed by consumers regarding travel insurance offered by travel retailers and employees and authorized representatives of travel retailers, and based on the complaint data and any other information the Insurance Commissioner determines necessary, to determine how and whether travel retailers and employees and authorized representatives should be compensated. The report of the Insurance Commissioner's findings and recommendations is due to certain committees of the General Assembly by January 1, 2017.

Effective Date: ***October 1, 2014***

SENATE BILL 100 (Chapter 27) – <u>Insurance – Premiums and Charges – Review of Administrative Expenses</u>

- Requires the Insurance Commissioner, when reviewing administrative expenses submitted by an authorized insurer that are associated with late payments or installment payments, to include in the review the cost incurred by an authorized insurer or a vendor

of the authorized insurer to accept late payments or installment payments by credit card, debit card, electronic funds transfer, or electronic check payment.

Effective Date: ***October 1, 2014***

SENATE BILL 153 (Chapter 41) – Motor Vehicle Insurance – Task Force to Study Methods to Reduce the Rate of Uninsured Drivers

- Establishes the Task Force to Study Methods to Reduce the Rate of Uninsured Drivers.

- Requires the Task Force to study and make recommendations regarding: (1) the rate of uninsured drivers in the State and other states and the ways in which the rate is calculated by the Motor Vehicle Administration and other entities; ((2) the deterrents and incentives that are used in the State and in other states, or that could be used in the State, to reduce the rate of uninsured drivers; and (3) methods to lower the cost of insurance as a way to reduce the rate of uninsured drivers and promote economic and job opportunities associated with vehicle ownership.

Effective Date: ***April 8, 2014***

SENATE BILL 221 (Chapter 146) – Farm Area Motor Vehicles – Registration and Authorized Use

- Increases from 10 to 25 miles the radius from a farm within which a person may operate on a highway a vehicle registered as a farm area motor vehicle.

- Requires an applicant for registration of a farm area motor vehicle to submit with the application federal tax documentation of active farming status.

Effective Date: ***April 14, 2014***

SENATE BILL 456 (Chapter 169) – Insurance – Definition of Premium – Inclusion of Motor Vehicle Driving Record Report and Accident History Report Fees

- Expands the definition of "premium" to include (1) a driving record report fee and (2) an accident history report fee.

Effective Date: ***October 1, 2014***

SENATE BILL 490 (Chapter 174) – Limited Lines Insurance Licenses – Self-Service Storage Producers

- Authorizes the Insurance Commissioner to issue a self-service storage producer limited lines license to an owner or operator of a self-service storage facility and certain individuals who meet specified requirements.

- Authorizes the licensee to offer or sell personal property insurance only in connection with the rental of storage space at a self-service storage facility.

- Requires an owner of a self-service storage facility be licensed as either a self-service storage producer or producer with the property and casualty lines of authority in order to offer or sell self-service storage insurance to customers leasing storage units.

- Requires the licensee to make readily available to prospective occupants brochures or written materials that: (1) summarize the coverage offered, including the name of the insurer underwriting the coverage, the price, benefits, deductibles, exclusions, and conditions; (2) disclose that the coverage may be comparable to coverage already provided by an occupant's homeowner's, renter's, vehicle, watercraft or other type of property coverage; (3) state whether the coverage offered would make the coverage primary to any other coverage, including duplicative coverage; (4) provide information regarding the process for filing a claim; (5) provide the contact information for filing a complaint with the Maryland Insurance Administration; and (6) include language that informs the occupant that it is not necessary to purchase insurance coverage as a condition to renting a unit with self-service storage facility if the occupant provides evidence of existing coverage.

- Permits only an authorized insurer to provide self-service storage insurance offered through a self-service storage facility.

- Requires as a condition of the sale that the self-service storage producer have the occupant purchasing coverage execute a document acknowledging the amount of coverage purchased; and if the occupant has contents in the leased space of value greater than the coverage under the policy, advise the occupant in writing to contact a licensed property and casualty insurance producer to obtain additional coverage.

- Requires employees or authorized representatives of a self-service storage facility acting on behalf of and under the supervision of the self-service storage producer to receive a specific training program that has been approved by the Insurance Commissioner. The training program must include general information regarding homeowners, renters, business, and similar insurance that an occupant may have already in force and include information regarding the terms of the policy being offered including the price, benefits, deductibles, exclusions and conditions of the insurance.

- Requires the self-service storage facility owner to designate a designated responsible producer (DRP) who must be licensed either as a self-service storage producer or a producer with the property and casualty lines of authority to be responsible for the acts of the employees or authorized representatives of the self-service storage facility. The DRP is responsible for maintaining a register of the employees and authorized representatives who offer personal property insurance to renters of storage space on behalf of the owner and is responsible for the acts of the employees or authorized representatives.

- Authorizes the Insurance Commissioner to suspend, revoke or refuse to renew a limited lines self–service storage producer's license.

- Requires the MIA to track the number of complaints filed by consumers regarding personal property insurance offered by self-service storage producers and employees and authorized representatives of the self-service storage facility, and based on the complaint data and any other information the Insurance Commissioner determines necessary, to determine how and whether self-service storage producers and employees and authorized representatives of a self-service storage facility should be compensated. The report of the Insurance Commissioner's findings and recommendations is due to certain committees of the General Assembly by January 1, 2017.

Effective Date: ***July 1, 2014***

SENATE BILL 977 (Chapter 364) – Property and Casualty Insurance – Notices – Use of First-Class Mail Tracking Methods

- Defines "first class mail tracking method" as a mail tracking method that provides evidence of the date that a piece of first-class mail was accepted for mailing by the United States Postal Service (USPS). This definition includes a certificate of mail and an electronic mail tracking system used by the USPS, but it does not include a certificate of bulk mailing.

- Alters the manner in which certain insurers are required to notify an insured of the rescission, cancellation, nonrenewal, or termination of an insurance policy or binder for specified property or casualty insurance.

- Alters the manner in which an insurer of a private passenger motor vehicle, excluding the Maryland Automobile Insurance Fund, is required to notify an insured of a premium increase.

- Alters the manner in which an insurer is required to provide notice to: (1) applicants and insureds of the offer of coverage for loss caused by water that backs up through sewers or drains; (2) applicants of certain information about flood insurance; (3) applicants of a certain statement of optional coverages; and (4) insureds of certain notices concerning portable electronics insurance.

Effective Date: ***October 1, 2014***

OTHER

HOUSE BILL 798 (Chapter 330) /SENATE BILL 701 (Chapter 329) – Education – Children With Disabilities – Habilitative Services Information

- Require each local school system to provide to parents or guardians of a child with a disability verbal and written information about access to habilitative services,

including a copy of the Maryland Insurance Administration's *Parents' Guide to Habilitative Services*, at the following specified times: (1) during the transition meeting for a child moving from the Maryland Infants and Toddlers Program to a local school system; (2) during a child's initial individualized education program (IEP) meeting; (3) at least one time each year at a child's IEP meeting; and (4) on the approval or denial of a parent's or guardian's request for a related service to enable a child with a disability to benefit from special education.

Effective Date: ***July 1, 2014***

HOUSE BILL 1082 (Chapter 351) /SENATE BILL 881 (Chapter 350) – Title Insurers – Statutory or Unearned Premium Reserves

- Define "risk premium" for the purposes of § 5-206 of the Insurance Article to mean the amount charged for an assumption of risk. A "risk premium" includes title insurance producer commissions. It does not include charges for services rendered in the preparation of documents, searching, underwriting, recording of documents, or closing of a risk.

- Permit a title insurer domiciled in the State that is required to maintain minimum statutory reserves or unearned premium reserves of at least 8% of the title insurance risk premiums written per calendar year for the retained liability for title insurance contracts, during each of the 20 years following the year in which a title contract is issued, to reduce the reserves applicable in equal 12 month installments in accordance with a specified formula.

- Require each title insurer to file with its required annual statement a certification by a member in good standing of the Casualty Actuarial Society, or by a member in good standing of the American Academy of Actuaries who has been approved by the Casualty Practice Council of the American Academy of Actuaries, as to the adequacy of the title insurer's reserves.

- Provide that the act to be applied retroactively to affect title insurance contracts in effect on June 1, 2014.

Effective Date: ***June 1, 2014***

SENATE BILL 97 (Chapter 24) – Insurance – Public Adjusters – Prohibited Inducements

- Prohibits any person from offering or providing any valuable consideration to an insured as an inducement to utilize the services of a public adjuster.

Effective Date: ***October 1, 2014***

SENATE BILL 99 (Chapter 26) –Insurance – Fraud Violations – Civil and Criminal Actions

- Expands the basis for establishing jurisdiction and venue in criminal and administrative actions for acts of insurance fraud violations to include: (1) the county in which an element of the insurance fraud was committed; (2) where the purported insured loss occurred; (3) the county in which the insurance policy in question provides coverage; (4) the county in which the insurer or an agent of the insurer received a false or misleading statement or document; (5) the county in which the defendant or respondent resides; or (6) the county in which money or other benefit was received as a result of the insurance fraud.

Effective Date: ***October 1, 2014***

SENATE BILL 479 (Chapter 172) – Chesapeake Employers' Insurance Company – Board Structure

- Requires, to the extent practicable, that board membership of Chesapeake reflect the geographic and demographic, including race and gender, diversity of the State.

- Requires that of the nine members of the board: (1) at least two members must have substantial experience as officers or employees of an insurer, but they may not be employed by an insurer that is in direct competition with Chesapeake while serving on the board; (2) at least two members must be policyholders of Chesapeake; (3) at least one member must have significant experience in the investment business; (4) at least one member must have significant experience in the accounting or auditing field; and (5) at least one member must have significant experience as a representative, employee, or member of a labor union.

Effective Date: ***October 1, 2014***

SENATE BILL 886 (Chapter 354) – Legal Mutual Liability Insurance Society of Maryland – Conservatorship and Transfer

- Provides for winding up the affairs of the Legal Mutual Liability Insurance Society of Maryland (Society) by appointing Minnesota Mutual as conservator of the Society to oversee the transfer of the Society's remaining assets and liabilities under policies issued by the Society to the Property and Casualty Insurance Guaranty Corporation (Guaranty Corporation).

- Provides that during the conservatorship, Minnesota Mutual must report at least once every three months to the Insurance Commissioner on the status and progress of the conservatorship and the preparation for transfer of any remaining policies, assets of the Society, and liabilities under policies issued by the Society to the Guaranty Corporation.

- Provides that on or before January 1, 2015, Minnesota Mutual must report to the Insurance Commissioner, the Guaranty Corporation, the Senate Finance Committee, and the House Economic Matters Committee on the status of the conservatorship of the Society, the winding up of its affairs, and the progress of the transfer of its policies, assets, and liabilities to the Guaranty Corporation.

- Provides that before the earlier of January 1, 2016, or before the termination date of the conservatorship, all net remaining assets of the Society and liabilities under policies issued by the Society must be transferred to the Guaranty Corporation.

- Provides that §§ 24-101 through 24-110, and the subtitle "Subtitle 1. Legal Mutual Liability Insurance Society of Maryland" of the Insurance Article will be repealed effective January 1, 2016.

Effective Date: ***July 1, 2014***

SENATE BILL 999 (Chapter 366) – <u>Insurance – Reinsurance – Certification of Reinsurers</u>

- Provides that the Insurance Commissioner shall consider the list of conditionally qualified and qualified jurisdictions published through the National Association of Insurance Commissioners (NAIC) committee process when determining the qualified jurisdictions in the State under which an assuming insurer, licensed and domiciled in the jurisdiction, is eligible to be considered for certification as a reinsurer in the State.

- Requires the Insurance Commissioner, in determining whether a jurisdiction is a qualified jurisdiction, to consider the list of NAIC conditionally qualified and qualified jurisdictions: (1) when the jurisdiction has been evaluated for inclusion on the list and (2) whenever the list is amended.

- Authorizes the Insurance Commissioner to use information provided by the NAIC committee process, if an applicant for certification has been certified as a reinsurer by the insurance regulatory agency of a state accredited by NAIC, to: (1) designate the assuming insurer as a certified reinsurer in the State and/or (2) assign a rating to the assuming insurer.

Effective Date: ***June 1, 2014***