

C. Law Enforcement option factors and annuity values which are established by the System's actuary and based on the actuarial assumptions adopted by the Board of Trustees as set forth in §E of this regulation shall be applicable to the Law Enforcement Officers'

Pension System, Local Fire and Police System, and State Police Retirement System.

D. Upon request, the Retirement Agency shall make the option factors and annuity values established by the System's actuary available to a participant.

E. Actuarial Assumptions.

|   | Interest Rate | Pre-reform COLA Rate | Post-reform COLA Rate | Mortality                            | Disabled Mortality  | Unisex Mix              |
|---|---------------|----------------------|-----------------------|--------------------------------------|---|-------------------------|
| General Option Factors and Annuity Values         | 5.85%         | 2.29%                | 1.49%                 | RP 2014 Combined Annuitant Mortality | RP 2014 Disabled Annuitant Mortality, Set Forward 1 / 3 Years for Males / Females | 50% / 50% Male / Female |
| Law Enforcement Option Factors and Annuity Values | 5.85%         | 2.46%                | 1.49%                 | RP 2014 Combined Annuitant Mortality | RP 2014 Blue Collar Annuitant Mortality   | 85% / 15% Male / Female |

.04 Legislative Pension Plan.

[On receipt of a written request from] For a member of the Legislative Pension Plan, the Retirement Agency shall apply the annuity factors and values provided by [request] the System's actuary [to determine the annuity factors and values] applicable to the Legislative Pension Plan.

.05 Determining a Member's or Beneficiary's Age.

A. Except as provided in §B or C of this regulation, to determine the applicable option factor or annuity value [set forth in COMAR 22.02.02 or 22.02.03], the Retirement Agency shall use the age of a member, former member, or designated beneficiary as of the effective date of [receipt of an allowance payable under State Personnel and Pensions Article, Division II, Annotated Code of Maryland, by the member, former member, or designated beneficiary of a member or former member] retirement.

B. If the effective date of [receipt of an allowance by a member, former member, or designated beneficiary of the member or former member] retirement is 6 months or more from the previous birth date of the member, former member, or designated beneficiary, the Retirement Agency shall increase the age of the member, former member, or designated beneficiary to the next full year.

C. For the recalculation of an allowance payable under State Personnel and Pensions Article, §§21-403(b), (c), (e), or (f), Annotated Code of Maryland (Options 2, 3, 5, or 6), to determine the applicable option factor, the Retirement Agency shall use:

(1) The option factors and annuity values described under Regulation .02 or .03 of this chapter which are applicable to the retiree as of the effective date of retirement; and

(2) Subject to §B of this regulation, the ages of the retiree and designated beneficiary at the time of the change of beneficiary.

R. DEAN KENDERDINE  
Executive Director

# Title 31 MARYLAND INSURANCE ADMINISTRATION

## Subtitle 04 INSURERS

### 31.04.18 Form Filings Under the Maryland Insurance Acquisitions Disclosure and Control Act

Authority: Insurance Article, §§2-109 and 2-209.1 and Title 7, Annotated Code of Maryland

#### Notice of Proposed Action

[16-054-R]

The Insurance Commissioner proposes to repeal existing Regulation .02 and adopt new Regulations .02—.14 under COMAR 31.04.18 Form Filings Under the Maryland Insurance Acquisitions Disclosure and Control Act. Because substantive changes have been made to the original proposal as published in 43:2 Md. R. 228—232 (January 22, 2016), this action is being repropose at this time.

#### Statement of Purpose

The purpose of this action is to implement the statutory changes to Insurance Article, §§2-209 and .17-101 et seq., Annotated Code of Maryland, designed to conform to the National Association of Insurance Commissioners' (NAIC) Insurance Company Holding Company System Regulatory Act (Model 440). The purpose of this reproposal is to:

- Amend proposed Regulation .02B(8), which defines "Form C," to carve out the reference to Regulation .11 of this chapter, as the contents of Regulation .11 are not covered in a Form C;
- Amend proposed Regulation .02B(10), which defines "Form E," to include a reference to Insurance Article, §7-403(a), Annotated Code of Maryland, as a Form E may be filed pursuant to this statute;
- Amend proposed Regulation .04A to correct a typographical error (change "forms" to "format");

- Amend proposed Regulation .07B to correct a technical format error in the reference to the Insurance Article;
- Amend proposed Regulation .08A to add the phrase “and provide a copy to the domestic insurer,” consistent with Insurance Article, §7-304, Annotated Code of Maryland;
- Amend proposed Regulation .09B to add the phrase “Unless extended by the Commissioner for good cause,” consistent with Insurance Article, §7-602, Annotated Code of Maryland;
- Omit proposed Regulation .09C, as the drafting note to Section 16 of the NAIC Model Regulation provides that if Section 5A(2) of the Model Act has been adopted, this provision may be omitted. Section 5A(2) of the Model Act is codified at Insurance Article, §7-703, Annotated Code of Maryland;
- Amend proposed Regulation .09D to fix an inaccurate cross reference;
- Amend proposed Regulation .13A to add the phrase “Unless extended by the Commissioner for good cause,” consistent with Insurance Article, §7-603, Annotated Code of Maryland; and
- Amend proposed Regulation .14B(4)(c)(i) and (ii) to move the phrase “for the 12-month period ending December 31 of the preceding year” such that this phrase modifies only “realized capital gains,” consistent with Insurance Article, §7-606, Annotated Code of Maryland.

**Comparison to Federal Standards**

There is no corresponding federal standard to this proposed action.

**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 Catherine Grason, Director, Regulatory Affairs, Maryland Insurance Administration, 200 Saint Paul Place, Ste. 2700, Baltimore, MD 21202, or call 410-468-2201, or email to [insuranceregreview.mia@maryland.gov](mailto:insuranceregreview.mia@maryland.gov), or fax to 410-468-2020. Comments will be accepted through June 27, 2016. A public hearing has not been scheduled.

Ed. Note: Pursuant to State Government Article, §10-113, Annotated Code of Maryland, if a promulgating agency substantively alters the text of regulations that have been previously proposed in the Maryland Register, the altered text must be published in the Maryland Register as though it were initially proposed. The text of regulations appearing immediately below has been altered substantively from the initially proposed text.

Symbols: Roman type indicates existing text of regulations. *Italic* type indicates initially proposed new text. **Arial Bold Italic** type indicates new text that substantively alters the text as initially proposed. [Single brackets] indicate existing text proposed for repeal. [[[Triple brackets]]] indicate text proposed for deletion which substantively alters the originally proposed text.

**.02 Definitions.**

A. (originally proposed text unchanged)

B. *Terms Defined.*

(1)—(7) (originally proposed text unchanged)

(8) “Form C” means the “Summary of Changes to Registration Statement” form filed pursuant to Insurance Article, §7-601, Annotated Code of Maryland, and [[[Regulations]]] **Regulation .10** [[[and .11]]] of this chapter.

(9) (originally proposed text unchanged)

(10) “Form E” means the “Pre-Acquisition Notification Form Regarding the Potential Competitive Impact of a Proposed Merger or Acquisition by a Non-Domiciliary Insurer Doing Business in this State or by a Domestic Insurer” form filed pursuant to Insurance Article, §7-303(a) or **7-403(a)**, Annotated Code of Maryland, and Regulation .07 of this chapter.

(11)—(17) (originally proposed text unchanged)

.03 (originally proposed text unchanged)

**.04 Forms — General Requirements.**

A. A person required to file a statement, form, or notification pursuant to Insurance Article, Title 7, Annotated Code of Maryland, shall file the statement, form, or notification as specified in the instructions provided in this chapter, and in accordance with the [[[forms]]] **format, guidelines, and instructions approved by the Commissioner.** The forms are not intended to be blank forms which are to be filled in; rather, the forms are intended to be guides in the preparation of the statements. A filed statement shall contain the number and captions of all items outlined in the form, with text addressing each applicable item or a response in the negative where not applicable.

B.—F. (originally proposed text unchanged)

.05—.06 (originally proposed text unchanged)

**.07 Pre-Acquisition Notification.**

A. (originally proposed text unchanged)

B. The acquiring person in an acquisition subject to Insurance Article, §7-403, **Annotated Code of Maryland**, shall file with the Commissioner, at least 30 days before the acquisition is proposed to become effective, a Form E, in accordance with the format, guidelines, and instructions approved by the Commissioner.

C. (originally proposed text unchanged)

**.08 Statement of Filing for Acquisition of Control of a Domestic Insurer.**

A. A person seeking to acquire control of a domestic insurer pursuant to Insurance Article, §7-304, Annotated Code of Maryland, shall file with the Commissioner **and provide a copy to the domestic insurer** a Form A at least 60 days before a transaction is proposed to become effective, in accordance with the format, guidelines, and instructions approved by the Commissioner.

B. (originally proposed text unchanged)

**.09 Annual Registration Statement.**

A. (originally proposed text unchanged)

B. [[[The]]] **Unless extended by the Commissioner for good cause, the Form B shall be filed within 15 days after the insurer becomes subject to registration and, for each subsequent year, annually on or before May 1.**

[[[C. If a material change occurs in the facts set forth in the Form B filed with the Commissioner pursuant to this regulation:

(1) An amendment to the Form B shall be filed within 15 days after the end of any month in which there is a material change to the information provided in the annual registration statement;

(2) Only those items which are being amended shall be reported; and

(3) Each amendment shall include at the top of the cover page:

(i) Amendment No. [insert number] to Form B for [insert year]; and

(ii) The date of the change.]]]

[[[D.]]] **C. No information need be disclosed pursuant to [[[§C(1)]]] §A of this regulation if the information is not material. Sales, purchases, exchanges, loans, or extensions of credit,**

investments, or guarantees involving 1/2 of 1 percent (.5 percent) or less of an insurer's admitted assets as of the 31st day of the December next preceding may not be deemed material for the purposes of this section.

.10—.12 (originally proposed text unchanged)

**.13 Enterprise Risk Report.**

The ultimate controlling person of an insurer required to file an enterprise risk report under Insurance Article, §7-603(h)(1), Annotated Code of Maryland, shall:

A. **[[[By]]] Unless extended by the Commissioner for good cause, by July 1 of each year, file with the Commissioner a properly executed Form F in accordance with the format, guidelines, and instructions approved by the Commissioner; and**

B. (originally proposed text unchanged)

**.14 Extraordinary Dividends and Other Distributions.**

A. (originally proposed text unchanged)

B. The insurer shall file a written request for approval of extraordinary dividends or any other extraordinary distribution to shareholders and shall include the following in the request:

(1)—(3) (originally proposed text unchanged)

(4) The copy of the calculations determining that the proposed dividend is extraordinary pursuant to the definition in Insurance Article, §7-706(b), Annotated Code of Maryland, which shall include the following information:

(a)—(b) (originally proposed text unchanged)

(c) One of the following:

(i) If the insurer is a life insurer, the net gain from operations of the insurer not including realized capital gains **for the 12-month-period ending December 31 of the preceding year** or pro rata distributions of any class of the insurer's own securities **[[[for the 12 month period ending December 31 of the preceding year]]]; or**

(ii) If the insurer is not a life insurer, the net investment income not including realized capital gains **for the 12-month period ending December 31 of the preceding year** or pro rata distributions of any class of the insurer's own securities **[[[for the 12-month period ending December 31 of the preceding year]]]; and**

(d) (originally proposed text unchanged)

(5)—(6) (originally proposed text unchanged)

ALFRED W. REDMER, JR.  
Insurance Commissioner

**Subtitle 06 TAXES AND FEES**

**Notice of Proposed Action**

[16-118-P]

The Insurance Commissioner proposes to amend:

(1) The authority line under **COMAR 31.06.01 Allocation and Taxation of Premiums;**

(2) Regulations .01 and .02 under **COMAR 31.06.02 Retaliatory Tax;** and

(3) Regulation .04 under **COMAR 31.06.04 Premium Tax—Required Filings, Payments, Penalties, and Interest.**

**Statement of Purpose**

The purpose of this action is to update the enabling authority of COMAR 31.06.01; amend COMAR 31.06.02.01 with a technical change to improve clarity; amend COMAR 31.06.02.02 with a technical change that improves clarity; amend COMAR 31.06.04.04A to be consistent with Insurance Article, §6-108(a), Annotated Code of Maryland; and amend COMAR 31.06.04.04A(1)

by adding a reference to clarify that an assessment of penalties can be against both a carrier's annual premium tax payment and a carrier's quarterly premium tax estimate payments.

**Comparison to Federal Standards**

There is no corresponding federal standard to this proposed action.

**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 Lisa Larson, Assistant Director of Regulatory Affairs, Maryland Insurance Administration, 200 Saint Paul Place, Ste. 2700, Baltimore, MD 21202, or call 410-468-2007, or email to [insuranceregreview.mia@maryland.gov](mailto:insuranceregreview.mia@maryland.gov), or fax to 410-468-2020. Comments will be accepted through June 27, 2016. A public hearing has not been scheduled.

**31.06.01 Allocation and Taxation of Premiums**

Authority: Insurance Article, §§2-109[,] and 6-102—6-104, [and 6-114,] Annotated Code of Maryland

**31.06.02 Retaliatory Tax**

Authority: Insurance Article, §§2-109 and Title 6, Subtitle 3, Annotated Code of Maryland

**.01 Premium Tax Report.**

Beginning with the return for the calendar year 1967, to be filed on or before March 15, 1968, each foreign and alien insurer licensed to do business in Maryland shall prepare, as part of the annual premium tax report, an analysis in the aggregate of the applicable taxes, licenses, and other fees payable by a Maryland insurer transacting the same lines of business to any agency or department of the foreign or alien insurer's state of domicile. An analysis, in the aggregate, shall also be prepared of all the applicable taxes, licenses, and other fees payable by the foreign or alien insurer to any agency or department of Maryland. On the basis of these analyses, the company shall compute the retaliatory tax and include the payment of the total due if any in its remittance for premium taxes, payable to the Maryland Insurance Administration on or before March 15th in each calendar year, the time fixed by statute for filing the premium tax report. A composite tax form will be [furnished] *made available to all affected insurers.*

**.02 Audit.**

The Maryland Insurance Administration shall [include] *perform* an audit of the retaliatory tax with its audit of the annual premium tax report and in addition shall compute and bill for any additional retaliatory tax due from companies domiciled in a state where by statute or ordinance taxes, licenses, or fees are payable to political subdivisions of that state. If the amount of retaliatory tax computed by the Maryland Insurance Administration is greater than the amount shown on the report, the excess shall be assessed by the Maryland Insurance Administration and a notice of the assessment shall be mailed to the insurance company filing the report. The assessment shall be made within 3 years from the date the report was due, except in the case of failure to file a report or of a fraudulent report, in which case the excess may be assessed at any time.