



State of Maryland
OFFICE OF THE ATTORNEY GENERAL

ANNUAL REPORT OF THE PEOPLE'S INSURANCE COUNSEL DIVISION

Fiscal Year 2012

Submitted to the Governor and General Assembly

I. INTRODUCTION

The People's Insurance Counsel Division in the Office of the Attorney General (hereinafter referred to as the "Division") submits this annual report as required by the Maryland General Assembly.¹ On or before January 1 of each year, the Division reports on the activities of in the Division the prior fiscal year. This report covers the time period from July 1, 2011 through June 30, 2012.

A. Statutory Basis and Funding

The Division was created in 2005 with the enactment of the Maryland Patients' Access to Quality Health Care Act of 2004 (hereinafter referred to as "Act").² The provisions of the Act relating to the Division have been codified in Md. Code Ann., State Government Section 6-301 through 6-308.

Funding of the Division is provided through a People's Insurance Counsel Fund consisting of funds collected by the Maryland Insurance Commissioner (hereinafter referred to as the "Commissioner") through an annual assessment from each medical professional liability insurer and homeowners' insurer issuing policies in the State. The purpose of the Fund is to pay the costs and expenses of the Division in carrying out its duties.³

B. Statutory Duties

The duties of the Division include evaluation of each medical professional liability insurance and homeowners' insurance matter pending before the Commissioner to determine whether the interests of insurance consumers are affected.⁴ The Division also reviews any rate increase of 10% or more filed with the Commissioner by a medical professional liability insurer or homeowners' insurer. If the Division determines that a rate increase is adverse to the interests of consumers, its representative shall appear before the Commissioner at any hearing on the rate

¹ Md. Code Ann., State Government § 6-308.

² The Act was introduced as an emergency measure as House Bill 2 in a 2004 Special Session of the Maryland General Assembly convened on December 28, 2004. The Bill passed and was enacted in 2005 over the Governor's veto with an effective date of January 11, 2005. The Act was amended in 2005, effective March 31, 2005, by another emergency measure, House Bill 836.

³ Md. Code Ann., State Government §§ 6-304 and 6-305. Because the duties of the Division only involve two types of insurance, homeowners insurance and medical professional liability insurance, the insurers who are assessed for the Fund are limited to the insurers issuing those types of policies in Maryland.

⁴ Md. Code Ann., State Government § 6-306(a). The Act defines insurance consumers as those insured under homeowners policies or medical professional liability insurance policies.

filing. At any time, the Division may conduct investigations and request the Commissioner to initiate an action or proceeding to protect the interests of insurance consumers.⁵

In any appearance before the Commissioner or the courts, the Division has the rights of counsel for a party to the proceeding, including summoning witnesses, cross-examination of witnesses, presenting evidence and argument.⁶ The Division may also take depositions in proceedings before the Commissioner and in proceedings in court, in accordance with applicable law and procedure.

The Division “shall have full access to the Commissioner’s records,” including rate filings, and shall have the benefit of all other information of the Commissioner.⁷ The Division is entitled to the assistance of the Commissioner’s staff provided that the assistance is consistent with the staff’s responsibilities and with the respective interests of the staff and the Division.⁸

The Division may recommend legislation on matters that promote the interests of insurance consumers in Maryland.⁹

II. DIVISION STAFF AND BUDGET

In Fiscal Year 2012, the Division was staffed by the People’s Insurance Counsel, Peter K. Killough,¹⁰ an Assistant Attorney General, an analyst/investigator, and a management associate.

Three actuarial firms provided consulting services to the Division reviewing rates and other documents that were filed by insurers issuing policies in Maryland. The following

⁵ The Division’s duties are described in Md. Code Ann., State Government § 6-306.

⁶ Md. Code Ann., State Government § 6-307. See page 6 for a discussion of the 2009 Decision of the Court of Appeals interpreting “the rights of counsel to a party” in *People’s Insurance Counsel Division v. Allstate Insurance Co.*, 408 Md. 336, 969 A.2d 971 (2009).

⁷ Md. Code Ann., State Government § 6-307(c). The Division’s access to information is only limited by applicable statutes in the Insurance Article and the Maryland Public Information Act, State Government Article, §§ 10-611 to 10-630.

⁸ Md. Code Ann., State Government § 6-307 (c)(2).

⁹ Md. Code Ann., State Government § 6-307(d).

¹⁰ Mr. Killough was appointed by Attorney General Douglas F. Gansler and the appointment was confirmed by the Senate on February 16, 2009, as required by Md. Code Ann., State Government § 6-302(a)(2).

consultants were selected for their expertise in property and casualty rate filings: American Actuarial Consulting Group, LLC, Kufera Consulting, Inc. and Madison Consulting Group.¹¹

III. DIVISION RESPONSIBILITIES

The Division concentrates its efforts in four areas:¹²

- Review of consumer complaints filed with the Maryland Insurance Administration (hereinafter “MIA”) relating to homeowners insurance and medical professional liability insurance;
- Review of rate, rule and form filings in those two lines of insurance;¹³
- Review of proposed legislation and participation in the legislative process, as required, to represent consumer interests; and
- Review of “lack of good faith complaints” under Insurance Article Section 27-1001.¹⁴

A. Division Review of Complaint Determination Letters

After a consumer has initiated a complaint with the MIA regarding the action of an insurance company, the MIA conducts an investigation and issues a determination letter to the complainant and insurer at the completion of its investigation. The Division reviews all complaint determination letters to identify new issues and to assess the existence of patterns of insurer conduct contrary to the insurance laws. The complaints primarily relate to the cancellation or non-renewal of coverage, increase in premiums, modification of coverage, claim denial or claim settlements.

¹¹ RMS McGladrey Consulting, Inc.’s contract was not renewed on May 22, 2012, and it was replaced by Kufera Consulting, Inc.

¹² The Division has interpreted its statutory authority to include the review of any matter before MIA that impacts homeowners and medical professional liability policyholders. This decision derives from the Division’s broad mandate to review “each medical professional liability insurance and homeowners insurance matter pending before the Commissioner.” Md. Code Ann., State Government § 6-306(a). Rate filings are reviewed pursuant to a specific mandate to “review any rate increase of 10% or more filed with the Commissioner by a medical professional liability insurer or homeowners insurer.” Md. Code Ann., State Government § 6-306(a).

¹³ In this Report, references to “Rate Filings” shall mean all filings made under Insurance Article, Title 11, including new and revised rates, rating rules, policy forms and supplementary rate information.

¹⁴ Md. Code Ann. Insurance § 27-1001, Effective October 1, 2007.

It has become the practice of the Division to issue its own explanatory letter and printed materials to the majority of individuals who have received an MIA determination letter.¹⁵ The Division's letter explains that a staff member is available to discuss a consumer's right to an administrative hearing and explain applicable statutory and regulatory frameworks for hearings. Through calls from consumers who have received the Division's letter, the Division obtains additional information about company practices beyond the information detailed in the determination letters themselves. The Division's review of the determination letters has provided an opportunity to understand the procedures and policies of insurers in making underwriting and claim decisions that, at times, appear to adversely affect consumers generally. The Division routinely advises consumers that it does not provide legal representation for individuals in their disputes with insurers, although the Division attorneys will give guidance to consumers about the administrative hearing process.

As in the past fiscal year, the Division has found that there are significantly more homeowners' insurance complaints than medical professional liability insurance related complaints. Most homeowners' insurance complaints involve either consumer dissatisfaction with the handling or payment of a claim or with the action taken by an insurer to cancel insurance coverage or decline to renew coverage.

The Division reviewed 571 homeowners' insurance complaint determination letters issued by MIA between July 1, 2011 and June 30, 2012. (*See Appendix A*). Of the 571 complaint matters, MIA found 11 insurance company violations of the insurance laws.

Each year, the Division investigates consumer complaint matters that appear to involve insurance law violations. Most matters are addressed informally through discussions with the MIA, the insurer and the consumer.

B. Division Review of Rate Filings

Insurance companies issuing homeowners' policies in Maryland are required by Title 11 of the Insurance Article to file with the Commissioner all rates, supplementary rate information, policy forms, endorsements and modifications of any of these documents.¹⁶ Homeowners' insurance is subject to the competitive ratings laws. Insurers are allowed to use the filed rates

¹⁵ PICD letters are not sent to individuals whose complaints have been resolved in their favor, who have withdrawn their complaints, or who have replaced their coverage resulting in an MIA letter stating that the issue is rendered moot and no remedy is available.

¹⁶ Md. Code Ann., Ins. Art. § 11-206.

without obtaining the prior approval of the Commissioner.¹⁷ All policy forms must be approved by the Commissioner before use in Maryland.¹⁸

Insurance companies issuing medical professional liability insurance policies in Maryland are required by statute to obtain the approval of the Commissioner before using rates, rules, policy forms and any modifications of such documents.¹⁹ These filings may not take effect until thirty (30) working days after filing with the Commissioner.²⁰

The Division reviewed a total of 653 insurance filings for FY 2012 (*See Appendix B*). The Division requested rate hearings on three of these filing. Thus far, two of these filing remain unresolved.

1. Homeowners Insurance

The Division reviewed 529 homeowners filings made with the MIA during the fiscal year. (*See Appendix B*) These filings included rate increases and decreases, new rating rules, rule changes, new policy forms, and revisions to policy forms. Typically, the effect of a rate, rule or form change on consumers is not easily ascertained without in-depth analysis of the filing. The services of three actuarial consulting firms, each under contract with the Division, are used to analyze each filing that included actuarial data. In most instances, the Division's consultants determined that filings did not include adequate supporting actuarial data and the Division's consultants generated questions on the filed documents and made requests for additional supporting information. Following review and approval by the Division, these questions and requests were forwarded to the filing insurer. The Division, through its consultants, advised the MIA of inquiries being forwarded to the insurers. With a few exceptions, the Division consultants received satisfactory responses from the insurers' actuaries. In several cases, however, the insurers' responses were unsatisfactory, and the Division notified the MIA of its concerns, some of which are still under MIA investigation.

¹⁷ Md. Code Ann., Ins. Art. § 11-307.

¹⁸ The General Assembly enacted a statute, effective October 1, 2011, that provides that homeowners' insurance companies may not cancel, refuse to underwrite or renew, refuse to issue a policy, or refuse to pay a claim under a homeowner's policy to a co-insured "victim" of a crime of violence. *See* Md. Code Ann., Ins. Art. § 27-504.1.

¹⁹ Md. Code Ann., Ins. Art. § 11-206(a).

²⁰ Md. Code Ann. Ins. Art. § 11-206(g).

Availability of Homeowners Insurance in Coastal and Bay Areas

In FY 2012, the Division reviewed numerous filings affecting homeowners' insurance coverage in Coastal Maryland and along the Chesapeake Bay and its tributaries. This included filings establishing or increasing hurricane deductibles and filings which, under Md. Code Ann., Ins. Art. § 19-107, allowed some insurers to discontinue writing new homeowners' policies in designated high risk geographic areas. The Division's consultants reviewed all data supporting these filings, as well as any supplemental information provided to the MIA in response to MIA requests and requests from the Division. Additionally, the Division attended presentations by companies which develop Hurricane Catastrophe Planning Models for use by these insurance producers.²¹

Because of the number of insurers no longer writing in the Maryland Coastal area, the Division presented information on recent changes in the availability and affordability of homeowners insurance at an MIA hearing on December 13 and 14, 2011. The stated purpose of the hearing was to receive information regarding the current availability and affordability of personal and commercial property and casualty insurance in Maryland's coastal areas.²²

Additionally, in FY 2012, the Division lost its challenge to two 2006 filings under Section 19-107 by Allstate Insurance Company and Allstate Indemnity Company, under which Allstate would discontinue writing new policies in all coastal areas of Maryland. A brief history of the Allstate case follows: On May 31, 2007, the Insurance Commissioner permitted Allstate to implement its filings. The Division requested a hearing on the filings because it believed the filings violated Insurance Article Sections 19-107 and 27-501. A hearing was held before Associate Deputy Commissioner Thomas Paul Raimondi, sitting on behalf of the Commissioner. The hearing concluded with the issuance of a Final Order on February 2, 2008 in favor of Allstate. The Division filed a Petition for Judicial Review with the Circuit Court for Baltimore City. On September 24, 2009, Circuit Court Judge Sylvester B. Cox affirmed the Insurance Commissioner's Final Order. The Division filed an appeal of the Circuit Court Order in the Court of Special Appeals. After argument on November 4, 2010, the Court of Special Appeals issued an opinion upholding the Insurance Commissioner's 2008 Final Order.²³ A Petition for *Writ of Certiorari* was filed by the Division. The Petition was granted and argument was held on

²¹ The modeling companies included: AIR Worldwide Corp., EQECAT, Inc., Risk Management Solutions, Inc., and CoreLogic.

²² A copy of the MIA's *Report on Availability and Affordability of Personal and Commercial Property and Casualty Insurance in Coastal Areas in Maryland* dated October 2012 can be found at <http://www.mdinsurance.state.md.us/sa/docs/documents/home/reports/coastal-report-10-31-2012.pdf>

²³ *People's Insurance Counsel Division v. Allstate Insurance Co.*, 199 Md. App. 1 (2011).

December 1, 2011. On January 25, 2012, the Court of Appeals upheld the Commissioner in a 6-1 decision. *See People's Insurance Counsel Division v. Allstate Insurance Co.*, 424 Md. 443 (2012). Significantly, however, the Court of Appeals reversed the Court of Special Appeals and held that Insurance Article Section 27-501 did apply to Allstate's filings under Section 19-107. Therefore, in a filing pursuant to Section 19-107, the prohibitions against discrimination found in Section 27-501 must be considered by the Commissioner.

The Division will continue to review insurance companies' Section 19-107 filings, but the Court of Appeals' decision clearly makes it easier for insurance companies to restrict writing insurance in coastal Maryland due to the threat of a hurricane. For example, the Commissioner approved a State Farm Fire and Casualty Company ("State Farm") filing that non-renewed over 1,200 of its policyholders living in Ocean City, and twice denied the Division's request to stay these non-renewals until a hearing could be conducted.²⁴ Given the Commissioner's refusal to stay the non-renewals pending a hearing, the Division deemed its effort to oppose the State Farm filing as futile and withdrew its request for a hearing.

Significant Rate and Rule Filings

The Division conducts a review of all rate increase filings. In July 2011, the People's Insurance Counsel notified MIA that the Division was concerned about two Allstate filings which proposed significantly increased rates, Allstate Property & Casualty by 38.7% and Allstate Insurance Company by 13.2%. The Division's actuarial consultants reviewed the filings and concluded that certain items were being counted twice in Allstate's calculations. As of the date of this Report, these filings as well as several Allstate rate increase filings for FY 2012, have been corrected. Nearly 200,000 policies were affected by this proposed change and resulted in substantial savings to Allstate insureds.

In June 2012, the Automobile Insurance Company of Hartford, Connecticut filed a rate increase filing for 23.3%. The Division's actuarial consultant deemed this increase to be

²⁴ On November 12, 2010, State Farm submitted two homeowner's filings. The filings were a rule change applicable to all homes located on barrier islands and stated that those homes are ineligible for coverage. The filings proposed to notify all existing policyholders that their policies would not be renewed. The Division conferred with the newly appointed Insurance Commissioner and analyzed the filing, including referral to an actuarial consultant. The MIA retained an independent actuary who published a report on August 23, 2011, which determined that the catastrophe models used by State Farm were acceptable. On September 30, 2011, MIA concluded that the filing did not violate 19-107 allowing State Farm to implement it with an effective date of March 1, 2012. On October 21, 2011, the Division requested a hearing, which was granted on November 10, 2011. PICD simultaneously requested a Stay of Implementation that was denied by MIA. The Division's appeal to the Circuit Court was also denied on February 10, 2012. The Division requested another stay under the Commissioner's discretion on February 16, 2012. That request was also denied.

excessive and the People's Insurance Counsel requested a hearing on October 16, 2012. However, MIA stated that it was still reviewing the filing and the request was withdrawn pending MIA's review.

In August 2012, the People's Insurance Counsel informed MIA of the Division's concern about a State Farm filing from June 6, 2011. In this filing State Farm proposed to change its minimum deductibles for homeowners' only or mono-line policies. The new mandatory deductible would be \$2,000, while the deductible for multi-line or homeowners plus auto policies would have a mandatory deductible of only \$1,000. MIA determined that this change did not violate any Maryland law and the filing was accepted in October 2011. The Division, however, remains concerned about these practices and deems this to be impermissible "bundling." Efforts to enact legislation to prohibit this type of "bundling" were supported by the Division in 2011, but failed. *See* House Bill 1105 – "Homeowner's or Renter's Insurance and Private Passenger Motor Vehicle Insurance - Bundling Requirement – Prohibited" sponsored by Delegate Hucker.

Other notable filings reviewed in FY 2012 included several companies which proposed changing the coverage for their "Water Back-up and Sewer or Drain Overflow" endorsements. Homeowners' insurance companies in Maryland are required to offer full coverage for this risk. The Division has been tracking these proposed changes while MIA objects to these Insurer's proposals.

2. Medical Professional Liability Insurance

There are significantly fewer medical professional liability insurance filings received each year by MIA as compared to homeowners' insurance filings. The Division reviewed 124 filings made by medical professional liability insurers during the fiscal year. The Division's consultants reviewed the medical professional liability filings in the same manner as the homeowners' filings, with requests for additional documentation being sent to insurers with copies to MIA actuaries.

The Insurance Commissioner held a rate hearing regarding a FY 2012 medical professional liability insurance filing in which the Division participated. In June 2012, American Casualty proposed an overall rate increase of 9.3%. This included 39.6% rate increase for certain classes of medical professionals. The Division intervened in the hearing and, using data provided by the Division's actuarial consultant, testified in opposition to the rate increase. As of this report, the case remains undecided.

C. Division Review of Section 27-1001 Complaints

In 2007, the General Assembly amended the Insurance Article to provide policyholders, who believe that their insurer has failed to act with good faith, with a procedure for review of the matter. The provisions in Section 27-1001²⁵ and regulations adopted by the Insurance Administration in October 2007²⁶ require a policyholder to file a complaint with the MIA, with supporting documentation, stating the facts of the matter where the insurer is alleged to have acted without good faith. This procedure is only available to a policyholder. Injured third parties (e.g., a neighbor with damage to their home) may not file under Section 27-1001. After the insurer submits its opposition and supporting documentation, the MIA issues its finding based only on the documents. If the finding is adverse, the policyholder can either appeal the finding by requesting a de novo hearing at the Office of Administrative Hearings or file a request for judicial review with the appropriate circuit court. During FY 2012, MIA issued four Section 27-1001 decisions involving homeowners' insurance policies. MIA only found one violation of Section 27-1001.

As an alternative to filing under Section 27-1001, consumers may file a complaint with MIA alleging that an insurer has failed to act in good faith. The list of unfair claim settlement practices in Section 27-303 was amended in 2007 to add "fail to act in good faith."²⁷ Like Section 27-1001, an insurer can be found in violation of failing to act in good faith when the consumer who makes the allegation is the policyholder of that insurer (first party claims). An insurer cannot be held in violation of the law for failing to act in good faith if the person who suffered a loss and filed a claim (a third party claim) is not the policyholder of the insurer. Based on the Division's review of FY 2012 complaint determination letters issued by MIA, a small number of consumers have specifically alleged a failure to act in good faith.

²⁵ Md. Code Ann., Ins. Art. § 27-1001.

²⁶ COMAR 31.08.11.

²⁷ Md. Code Ann., Ins. Art. § 27-303(9). The full provision states: (9) fail to act in good faith, as defined in 27-1001 of this title, in settling a first-party claim under a policy of property and casualty insurance."

D. 2012 Legislative Session

The Division supported with testimony or sought to amend five bills in the 2012 session of the General Assembly.

Senate Bill 531 and House Bill 1095 – Property and Casualty Insurance – Underwriting Period – Discovery of Material Risk Factor

These bills required insurers that discover a material risk factor during the 45-day underwriting period to recalculate the premium for a policy or binder. The bills require the insurer to provide specified notice to the insured, if the insurer recalculates the premium for the policy or binder based on the discovery of a material risk factor.

House Bill 861 – Insurance – Unfair Claim Settlement Practices – Refusal to Pay a Claim

This was a re-filing of a bill the PICD drafted in the 2011 Legislative Session. Delegate Braveboy sponsored the 2012 version of the bill. This bill proposed to amend Section 27-303(2) of the Insurance Article to change the standard of review, under the Unfair Claims Settlement Practices Act, for review of a consumer complaint concerning an insurer's action on a claim.

House Bill 1068 – Homeowner's Insurance – Limitation on Number of Claims Made – Notice

This bill requires insurers that issue policies of homeowner's insurance in the State to provide applicants and insureds with a notice that states the number of claims that may be made under a policy of homeowner's insurance before the insurer cancels or refuses to renew the policy. The bill was signed in May 2012.

House Bill 1105 – Homeowner's Insurance and Private Passenger Motor Vehicle Insurance – Bundling Requirement – Prohibited

This bill prohibits an insurer, with respect to homeowner's insurance, from denying, refusing to renew, or canceling coverage solely because the applicant or policyholder does not carry private passenger motor vehicle insurance with the insurer.

House Bill 1383 – Property and Casualty Insurance – Underwriting Based on Geographic Area

This bill alters the requirements an insurer must meet before refusing to issue or renew a contract of motor vehicle, property, or casualty insurance solely because the insured property or the applicant's or insured's address is located within a specified geographic area of the State.

The Division also reviewed and monitored the following bills:

House Bills: 236, 463, and 1059

Senate Bills: 230, 297, and 938

On February 10, 2012, the People's Insurance Counsel spoke before the Maryland Southern Delegates regarding the availability of homeowners insurance in coastal Maryland.

IV. INVESTIGATIONS

During FY 2012, the Division investigated 116 new matters. Investigations are commenced when the Division identifies an issue in an insurance complaint matter that potentially affects a broad number of consumers. These investigations are usually prompted by contact from the consumer who filed the complaint, but sometimes arise from consumers who contact the Division before a complaint is filed with the MIA. Details provided by the consumer that are not apparent from the determination letter are obtained and often the Division requests MIA's investigative file. Some investigations are commenced following contact from a consumer who has not filed a complaint with the MIA. A few investigations are commenced from a pattern or practice noted by the Division as a result of review of numerous determination letters from particular insurance companies.

Investigation of the complaint determination letter sent to Gregory and Moira Taylor resulted in the Division's request for a hearing on the complaint concerning a claim denial by State Farm. The company's position is that stated the policy did not provide coverage for the collapse of the Taylor's carport during the winter of 2010. The Taylors requested a hearing. The Division determined that the interests of insurance consumers were adversely affected by the actions of State Farm regarding the Taylor's claim; the policy provisions at issue included the terms "structure" and "building" but did not define those terms. The pertinent policy provisions did not dictate a claim denial for the loss of a carport and any personal property under a carport. MIA granted the Division's hearing request and the hearing was conducted on February 7, 2012. At the conclusion of a day-long hearing, the MIA ruled in favor of State Farm. The Division lost its appeal to the Circuit Court and has appealed to the Court of Special Appeals.

The Division had several meetings with the Commissioner and other MIA professionals in FY 2012. Primarily, these meetings concerned rate filings filed by insurance companies and MIA hearings on consumer complaints. As reflected by Appendix A, the Division has seen an increase in the number of homeowners' insurance complaints.

V. CONSUMER ASSISTANCE EFFORTS

In addition to assisting the consumers who contact the Division, the Division maintained its website, added consumer alerts providing information about weather events that result in insurance claims and attended various community events in Baltimore City and surrounding Counties throughout the year.

VI. FY 2012 ACTIVITIES

The Division closes FY 2012 with several goals for FY 2013:

- The Division made significant upgrades to its website in FY 2012 to include recent developments and trends in the industry. Given the increase in consumer complaints, the Division plans to continue these website upgrades and provide consumers with practical information on a variety of consumer topics, which will allow Maryland consumers to make informed decisions when purchasing insurance or filing a claim. Specifically, the Division plans to add sections to the website which allow consumers to compare policies and eligibility rules of different insurers.
- Review insurer underwriting rules that designate coastal areas and other geographic areas for higher deductibles or as ineligible for coverage because of their location.
- Address underwriting discrimination through an investigation of insurer underwriting guidelines that are not clear and specific and involve, instead, use of underwriter discretion or review, in deciding to accept a risk.
- Review rate increase filings, negotiate with the MIA on the filings that are not justified and actively represent consumer interests' at rate hearings requested by the Division.
- Review and advocate for consumer interests for all proposed bills filed in the legislative session and advocating for the legislation proposed by the Division.
- Produce additional educational materials, adding information to the website on specific topics relating to homeowners insurance, making brochures available in Spanish and including them on the Division's website.

- Participate in additional community programs to educate consumers about insurance topics and to address consumer misunderstandings that result in cancellation, non-renewal or claim denials.
- Review insurance companies' practice of "bundling" insurance services to ensure that this practice does not violate the Maryland Insurance Article.
- Become more conversant and knowledgeable on Hurricane Catastrophe Planning Models and other models, by continuing to attend presentations.
- Coordinate with other state insurance consumer protection agencies to identify emerging trends in the homeowner's and medical malpractice insurance industries, and identify new practices to assist Maryland consumers.

VII. CONCLUSION

The Division will continue its efforts to advocate on behalf of consumers regarding homeowner's insurance and medical professional liability insurance matters pending before the MIA. The Division will continue its review of all rate filings and analyze the changes made for their effect on consumers. As in past years, the Division will represent consumer interests before the House and Senate committees, reviewing insurance bills and supporting legislation that will protect consumer interests.

APPENDIX A

PEOPLE'S INSURANCE COUNSEL DIVISION REVIEW OF DETERMINATION LETTERS ISSUED BY MARYLAND INSURANCE ADMINISTRATION

DETERMINATION LETTER INFORMATION	
NUMBER OF DETERMINATION LETTERS REVIEWED BY PICD	571 Homeowners 1 Medical Malpractice
NUMBER OF TIMES MIA DETERMINED NO INSURANCE CODE VIOLATION **	469
NUMBER OF INSURANCE CODE VIOLATIONS CITED	11
NUMBER OF CONSUMERS WHO CONTACTED PICD AFTER RECEIVING PICD'S LETTER	72

** In Eighty-Two (82) cases the insurance company changed its position vis-à-vis the complaint or the complainant withdrew his/her complaint. Eight (8) cases were considered moot because the consumer purchased other insurance. In two (2) cases, the MIA had no authority. In two (2) cases, the letters reviewed did not involve homeowners or medical malpractice insurance issues.

INSURANCE COMPANIES WITH THE MOST COMPLAINTS IN DETERMINATION LETTERS REVIEWED BY PICD	
NAME OF COMPANY	NUMBER OF COMPLAINTS
Allstate Insurance Company/Encompass Insurance Company	85/9
Standard Insurance Company/Travelers Insurance Company	55/26
State Farm Insurance Company	63
Erie Insurance Company	43
Nationwide Insurance Company	40
Homesite Insurance Company of the Midwest	28
Liberty Mutual Insurance Company/Liberty Insurance Corporation	16/5
Hartford Insurance Company/Twin City Fire Insurance Company	15/3

Safeco Insurance Company of America	14
Fidelity National Property and Casualty Insurance Company	13
American Insurance Group	11
Brethren Mutual Insurance Company	10
Frederick Mutual Insurance Company	9
State Automobile Property and Casualty Insurance Company	9
Westminster American Insurance Company	9

APPENDIX B

PEOPLE'S INSURANCE COUNSEL DIVISION'S REVIEW OF INSURER FILINGS

HOMEOWNERS INSURANCE FILINGS		
FORMS	RATES/RULES	TOTAL
219	310	529
MEDICAL PROFESSIONAL LIABILITY INSURANCE FILINGS		
FORMS	RATES/RULES	TOTAL
63	61	124

FORMS filings contain insurance policy forms, including endorsements and required policyholder notifications that insurance companies wish to introduce or use as replacements for previously approved forms.

RATE/RULES filings contain the insurer's proposed rating factors associated with numerous characteristics of risks. These factors are used in calculating the premium to be paid by individual policyholders. These filings generally include actuarial data to support the rating factors, supplementary rate information and underwriting guidelines or rules that explain the eligibility rules for different types of risks.