

SENATE BILL 16

K1, C4

EMERGENCY BILL
(PRE-FILED)

4lr0493
CF HB 39

By: **Senators Klausmeier, Middleton, Kittleman, and Pugh**

Requested: September 11, 2013

Introduced and read first time: January 8, 2014

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: January 21, 2014

CHAPTER _____

1 AN ACT concerning

2 **Chesapeake Employers' Insurance Company – Issuance, Renewal, and**
3 **Cancellation of Policies – Authority**

4 FOR the purpose of authorizing the Chesapeake Employers' Insurance Company to
5 issue policies for employer's liability insurance and insurance under a federal
6 compensation law; providing an exception to a certain prohibition to allow the
7 Company to cancel or refuse to renew or issue a policy for failure to reimburse
8 the Company under a certain policy as required under a certain provision of
9 law; making this Act an emergency measure; and generally relating to the
10 authority of the Chesapeake Employers' Insurance Company to issue, cancel,
11 and renew policies.

12 BY repealing and reenacting, with amendments,
13 Article – Insurance
14 Section 24–304 and 24–306
15 Annotated Code of Maryland
16 (2011 Replacement Volume and 2013 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article – Insurance**

20 24–304.

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



1 (a) Before October 1, 2013, the Company shall:

2 (1) file an application for a certificate of authority under this article
3 and a statement of the risk-based capital levels of the Company as of the date of the
4 application prepared in accordance with § 4-303 of this article; and

5 (2) take all steps necessary to be an authorized domestic insurer
6 under State law.

7 (b) On approval of the application for a certificate of authority, the
8 Commissioner shall issue to the Company a certificate of authority that authorizes the
9 Company to issue policies under Title 9 of the Labor and Employment Article.

10 (c) Except as otherwise provided in this subtitle, the Company has the
11 powers, privileges, and immunities granted by and is subject to the provisions
12 applicable to insurers authorized to write workers' compensation insurance under this
13 article.

14 **(D) THE COMPANY MAY ISSUE POLICIES FOR:**

15 **(1) EMPLOYER'S LIABILITY INSURANCE; AND**

16 **(2) INSURANCE UNDER A FEDERAL COMPENSATION LAW.**

17 **[(d)] (E)** Except as otherwise provided in this subtitle, the Company shall
18 be:

19 (1) authorized, examined, and regulated by the Commissioner in the
20 same manner and to the same extent as other authorized property and casualty
21 insurers; and

22 (2) subject to each provision of this article that is applicable to other
23 authorized property and casualty insurers.

24 **[(e)] (F)** The Company is a member of the Property and Casualty Insurance
25 Guaranty Corporation.

26 24-306.

27 (a) The Company:

28 (1) shall be an authorized insurer; and

29 (2) on and after October 1, 2013, shall be the workers' compensation
30 insurer of last resort for employers covered under Title 9 of the Labor and
31 Employment Article.

1 (b) Before October 1, 2013, the Fund shall serve as the workers'
2 compensation insurer of last resort for workers' compensation insurance and as a
3 competitive workers' compensation insurer under the same terms and conditions as
4 the Fund served before October 1, 2012.

5 (c) The Company may not cancel or refuse to renew or issue a policy except
6 for:

7 (1) nonpayment of a premium for current or prior policies issued by
8 the Fund or the Company;

9 (2) failure to provide payroll information to the Fund or the Company;
10 [or]

11 (3) failure to cooperate in any payroll audit conducted by the Fund or
12 the Company; **OR**

13 **(4) FAILURE TO REIMBURSE THE COMPANY UNDER A POLICY**
14 **WITH DEDUCTIBLES AS REQUIRED UNDER § 19-404 OF THIS ARTICLE.**

15 (d) The Company may engage only in the business of workers' compensation
16 insurance in accordance with State law.

17 SECTION 2. AND BE IT FURTHER ENACTED, That this Act ~~shall take effect~~
18 ~~July 1, 2014~~ is an emergency measure, is necessary for the immediate preservation of
19 the public health or safety, has been passed by a ye and nay vote supported by
20 three-fifths of all the members elected to each of the two Houses of the General
21 Assembly, and shall take effect from the date it is enacted.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.