HOUSE BILL 39

K1, C4 4lr0494
(PRE–FILED) CF SB 16

By: **Delegate Jameson**
Requested: September 11, 2013
Introduced and read first time: January 8, 2014
Assigned to: Economic Matters

A BILL ENTITLED

AN ACT concerning

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

FOR the purpose of authorizing the Chesapeake Employers' Insurance Company to issue policies for employer's liability insurance and insurance under a federal compensation law; providing an exception to a certain prohibition to allow the Company to cancel or refuse to renew or issue a policy for failure to reimburse the Company under a certain policy as required under a certain provision of law; and generally relating to the authority of the Chesapeake Employers' Insurance Company to issue, cancel, and renew policies.

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

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

Article – Insurance

24–304.

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

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

EXPLANATION: **CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.**
[Brackets**]** indicate matter deleted from existing law.

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

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

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

(D) THE COMPANY MAY ISSUE POLICIES FOR:

(1) EMPLOYER'S LIABILITY INSURANCE; AND

(2) INSURANCE UNDER A FEDERAL COMPENSATION LAW.

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

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

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

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

24–306.

(a) The Company:

(1) shall be an authorized insurer; and

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

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

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

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

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

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

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

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

SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July 1, 2014.