

# SENATE BILL 465

K1, C4

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CF HB 468

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By: ~~Senators Klausmeier and Middleton~~, Middleton, Kelley, Mathias, and Pugh

Introduced and read first time: February 6, 2015

Assigned to: Finance

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Committee Report: Favorable with amendments

Senate action: Adopted with floor amendments

Read second time: March 13, 2015

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Chesapeake Employers' Insurance Company ~~and Injured Workers' Insurance~~**  
3 **~~Fund Advisory Board~~**

4 FOR the purpose of authorizing the Chesapeake Employers' Insurance Company to take  
5 certain actions relating to a subsidiary for certain purposes subject to certain  
6 requirements and under certain circumstances; specifying a certain condition of  
7 being an authorized insurer; altering the selection and appointment process for the  
8 members of the Board for the Chesapeake Employers' Insurance Company; repealing  
9 a requirement that certain appointees take a certain oath before taking office as  
10 members of the Board; altering the staggering of the terms of members of the Board;  
11 authorizing the Governor to remove only certain members for incompetence or  
12 misconduct; authorizing the ~~Board~~ policyholders to remove certain members under  
13 certain circumstances; authorizing the Maryland Insurance Commissioner to remove  
14 certain members under certain circumstances; requiring the Commissioner, at  
15 certain intervals, to review the State's Self-Insured Workers' Compensation  
16 Program for State Employees, make a certain determination, and submit a certain  
17 report to the State Treasurer; requiring a certain designated rating organization to  
18 create a certain exception in its classification system for certain authorized insurers;  
19 authorizing the Company to remain exempt from certain insurance rate making  
20 requirements until a certain date; repealing certain provisions of law that exempt  
21 the Company from certain aspects of the insurance rate making process; repealing a  
22 provision of law that requires the Board to set rates in a certain manner; ~~establishing~~  
23 ~~the Advisory Board for the Injured Workers' Insurance Fund; providing for the~~  
24 ~~membership of the Advisory Board; requiring the Advisory Board, to the extent~~  
25 ~~practicable, to reflect the geographic and demographic diversity of the State;~~

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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.



~~providing for the terms of the members of the Advisory Board; prohibiting a member of the Advisory Board from serving for more than a certain number of terms or a certain number of years or serving as a member of a certain board; providing that a member of the Advisory Board is entitled to certain reimbursement and compensation; requiring a member of the Advisory Board to take a certain oath before taking office; requiring the Advisory Board to monitor and oversee the administration of a certain program, meet quarterly, and review certain information and report certain findings to certain persons; authorizing the Advisory Board to consult with certain employees, make certain recommendations, and retain certain professionals under certain circumstances; declaring the intent of the General Assembly that a rating organization, in consultation with the Company, create a certain exception in its classification system for authorized insurers before a certain date; requiring the terms of certain members to be extended until a certain date; specifying the process for appointing or selecting a certain member of the Board; authorizing requiring the Governor to appoint a certain member certain members of the Board to be a member for an additional term whose terms expire in certain years; providing for the terms of certain members of the Board; specifying the terms of the initial members of the Advisory Board; defining a certain term; altering a certain defined term authorizing the Governor to appoint specified members notwithstanding certain term limits and if a certain appointment complies with certain qualification requirements; providing for the appointment and the terms of the members of the Board that begin in certain years; making conforming changes; providing for delayed effective dates for certain provisions of this Act; providing for the termination of a certain provision of this Act; and generally relating to the Chesapeake Employers' Insurance Company.~~

26 BY repealing and reenacting, with amendments,  
 27 Article – Insurance  
 28 Section 11–202, 11–303, 24–302, 24–306, and 24–307  
 29 Annotated Code of Maryland  
 30 (2011 Replacement Volume and 2014 Supplement)

31 BY adding to  
 32 Article – Insurance  
 33 Section 11–331 and 11–332  
 34 Annotated Code of Maryland  
 35 (2011 Replacement Volume and 2014 Supplement)

36 BY repealing  
 37 Article – Insurance  
 38 Section 24–305  
 39 Annotated Code of Maryland  
 40 (2011 Replacement Volume and 2014 Supplement)

41 BY repealing and reenacting, with amendments,  
 42 Article – Labor and Employment  
 43 Section ~~10–101~~ 10–102(d)

1 Annotated Code of Maryland  
2 (2008 Replacement Volume and 2014 Supplement)

3 ~~BY adding to~~  
4 ~~Article – Labor and Employment~~  
5 ~~Section 10-105.1~~  
6 ~~Annotated Code of Maryland~~  
7 ~~(2008 Replacement Volume and 2014 Supplement)~~

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

10 **Article – Insurance**

11 24–302.

12 The General Assembly finds and determines that:

13 (1) employers' access to affordable workers' compensation insurance is of  
14 utmost importance to the economy of the State;

15 (2) the Fund has been the State's insurer of last resort for workers'  
16 compensation insurance since 1914;

17 (3) since its creation, the Fund was permitted to compete with the private  
18 insurance market; however, the Fund did not become an effective competitive insurer until  
19 the General Assembly exempted the Fund from most laws that apply to State government  
20 agencies and required the Fund to be a regulated insurer;

21 (4) the most effective way to ensure that Maryland's workers'  
22 compensation system remains stable and affordable is to encourage and create as much  
23 competition in the marketplace as possible;

24 (5) the long-term competitive success of the Fund would be enhanced if the  
25 final barriers to full competition were eliminated by converting the Fund into a fully  
26 competitive, fully regulated, private insurer;

27 (6) converting the Fund into a private, nonstock, nonprofit insurer would  
28 level the competitive playing field for all workers' compensation insurers operating in the  
29 State;

30 (7) converting the Fund into a private, nonstock, nonprofit insurer would  
31 provide assurance to Maryland employers that the financial success of the Fund would  
32 inure to their benefit as policyholders through dividends and lower rates and that surplus  
33 funds could not be transferred to the State's General Fund;

1 (8) the interests of the State would be protected if the Fund's statutory  
2 purpose of insurer of last resort for workers' compensation insurance is preserved and the  
3 Governor retains the right to appoint [the] **TWO** members of the board of the new company;

4 (9) (i) the interests of the employees of the Fund would be satisfied by  
5 ensuring that current employees have the option to remain State employees of the Fund  
6 after the conversion of the Fund to a private, nonstock, nonprofit insurer; and

7 (ii) the interests of employees of the Fund would further be satisfied  
8 by ensuring that current long-term State employees who remain State employees of the  
9 Fund after the conversion of the Fund to a private, nonstock, nonprofit insurer shall remain  
10 in the State retirement system and, therefore, would not be unfairly penalized by being  
11 prematurely forced out of the State retirement system due to the conversion; and

12 (10) the interests of the residents of the State, both employers and  
13 employees, will be best met by converting the Fund into a private, nonstock, nonprofit, fully  
14 regulated, competitive insurer.

15 24-306.

16 (a) The Company:

17 (1) shall be an authorized insurer; and

18 (2) on and after October 1, 2013, **AS A CONDITION OF BEING AN**  
19 **AUTHORIZED INSURER**, shall be the workers' compensation insurer of last resort for  
20 employers covered under Title 9 of the Labor and Employment Article.

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

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

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

28 (2) failure to provide payroll information to the Fund or the Company;

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

31 (4) failure to reimburse the Company under a policy with deductibles as  
32 required under § 19-404 of this article.

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

3 (E) SUBJECT TO THE REQUIREMENTS OF TITLE 7 OF THIS ARTICLE, THE  
4 COMPANY MAY ESTABLISH, OWN, OR ACQUIRE A SUBSIDIARY FOR ANY LAWFUL  
5 PURPOSE IF THE SUBSIDIARY:

6 (1) IS, OR AFTER ACQUISITION WILL BE, WHOLLY OWNED BY THE  
7 COMPANY;

8 (2) ENGAGES IN A BUSINESS ACTIVITY THAT IS ANCILLARY TO THE  
9 WORKERS' COMPENSATION INSURANCE BUSINESS; AND

10 (3) IS OPERATED FOR THE PURPOSE OF BENEFITING THE COMPANY.

11 24-307.

12 (a) (1) There is a Board for the Chesapeake Employers' Insurance Company.

13 (2) The Board shall manage the business and affairs of the Company as a  
14 private, nonprofit corporation in accordance with State law.

15 (b) (1) The Board shall consist of nine members [appointed by the Governor  
16 with the advice and consent of the Senate], OF WHICH:

17 (I) TWO MEMBERS SHALL BE APPOINTED BY THE GOVERNOR;  
18 AND

19 (II) SUBJECT TO PARAGRAPH (3) OF THIS SUBSECTION, SEVEN  
20 MEMBERS SHALL BE APPOINTED BY THE POLICYHOLDERS OF THE COMPANY UNDER  
21 PROCEDURES PROVIDED IN THE BYLAWS OF THE BOARD.

22 (2) To the extent practicable, the Board shall reflect the geographic and  
23 demographic, including race and gender, diversity of the State.

24 (3) Of the [nine] SEVEN members APPOINTED BY THE POLICYHOLDERS:

25 (i) [at least] two members shall have substantial experience as  
26 officers or employees of an insurer, but may not be employed by an insurer that is in direct  
27 competition with the Company while serving on the Board;

28 (ii) [at least] ~~two members~~ ONE MEMBER shall be ~~policyholders~~ A  
29 POLICYHOLDER of the Company;

1 (iii) [at least] one member shall have significant experience in the  
2 investment business;

3 (iv) [at least] one member shall have significant experience in the  
4 accounting or auditing field; and

5 (v) [at least] one member shall have significant experience as a  
6 representative, employee, or member of a labor union.

7 (c) Each member shall be a resident of the State.

8 [(d) Before taking office, each appointee to the Board shall take the oath required  
9 by Article I, § 9 of the Maryland Constitution.]

10 [(e)] (D) (1) The term of a member is 5 years.

11 (2) The terms of members are staggered as required by the terms provided  
12 for members of the Board for the Fund on October 1, [1991] **2015**.

13 (3) At the end of a term, a member continues to serve until a successor is  
14 appointed and qualifies.

15 (4) A member who is appointed after a term has begun serves only for the  
16 rest of the term and until a successor is appointed and qualifies.

17 (5) A member may not serve for more than:

18 (i) two full terms; or

19 (ii) a total of 10 years.

20 [(f)] (E) (1) The Governor may remove a member **APPOINTED BY THE**  
21 **GOVERNOR** for incompetence or misconduct.

22 (2) (I) **THE ~~BOARD~~ POLICYHOLDERS MAY REMOVE A MEMBER**  
23 **APPOINTED BY THE POLICYHOLDERS ~~FOR MISCONDUCT, INCOMPETENCE, OR~~**  
24 **~~DERELICTION OF DUTIES. AT ANY TIME, WITH OR WITHOUT CAUSE, BY THE~~**  
25 **AFFIRMATIVE VOTE OF A MAJORITY OF ALL OF THE VOTES ENTITLED TO BE CAST**  
26 **GENERALLY IN THE ELECTION OF DIRECTORS.**

27 (II) **THE COMMISSIONER MAY REMOVE A MEMBER APPOINTED**  
28 **BY THE POLICYHOLDERS FOR INCOMPETENCE, MISCONDUCT, OR MALFEASANCE**  
29 **AFTER NOTICE AND OPPORTUNITY FOR A HEARING UNDER §§ 2-210 THROUGH**  
30 **2-214 OF THIS ARTICLE.**

1 [(g)] (F) The Board shall adopt rules, bylaws, and procedures.

2 **Article – Labor and Employment**

3 10–102.

4 (d) (1) On and after October 1, 2013, the Fund may continue to be the third  
 5 party administrator for the State’s Self-Insured Workers’ Compensation Program for State  
 6 Employees under a contract with the State.

7 (2) **AT LEAST ONCE EVERY 5 YEARS, THE COMMISSIONER SHALL:**

8 (I) **REVIEW THE STATE’S SELF-INSURED WORKERS’**  
 9 **COMPENSATION PROGRAM FOR STATE EMPLOYEES, AS ADMINISTERED BY THE**  
 10 **FUND, TO DETERMINE WHETHER THE STATE IS RECEIVING EFFECTIVE**  
 11 **ADMINISTRATIVE SERVICES AT A REASONABLE COST; AND**

12 (II) **SUBMIT A REPORT TO THE STATE TREASURER ON THE**  
 13 **FINDINGS OF THE REVIEW.**

14 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
 15 as follows:

16 **Article – Insurance**

17 **11–331.**

18 **ON OR BEFORE OCTOBER 1, 2016, AND BY OCTOBER 1 EACH YEAR**  
 19 **THEREAFTER THROUGH ~~2020~~ 2022, THE RATING ORGANIZATION THAT THE**  
 20 **COMMISSIONER DESIGNATES UNDER § 11–329 OF THIS SUBTITLE, IN**  
 21 **CONSULTATION WITH THE CHESAPEAKE EMPLOYERS’ INSURANCE COMPANY,**  
 22 **SHALL SUBMIT A REPORT TO THE SENATE FINANCE COMMITTEE AND THE HOUSE**  
 23 **ECONOMIC MATTERS COMMITTEE, IN ACCORDANCE WITH § 2–1246 OF THE STATE**  
 24 **GOVERNMENT ARTICLE, ON THE PROGRESS THAT THE CHESAPEAKE EMPLOYERS’**  
 25 **INSURANCE COMPANY HAS MADE IN PREPARING TO BECOME A MEMBER OF THE**  
 26 **RATING ORGANIZATION.**

27 SECTION 3. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
 28 as follows:

29 **Article – Insurance**

30 **11–332.**

1 THE RATING ORGANIZATION THAT THE COMMISSIONER DESIGNATES UNDER  
2 § 11–329 OF THIS SUBTITLE SHALL CREATE AND MAINTAIN AN EXCEPTION IN ITS  
3 CLASSIFICATION SYSTEM TO ALLOW ANY AUTHORIZED INSURER IN THE STATE TO  
4 USE A SINGLE CLASSIFICATION CODE FOR GOVERNMENTAL OCCUPATIONS THAT ARE  
5 NOT INCLUDED IN POLICE, FIREFIGHTER, AND CLERICAL CLASSIFICATIONS.

6 SECTION 4. AND BE IT FURTHER ENACTED, That the Laws of Maryland read  
7 as follows:

#### 8 Article – Insurance

9 11–202.

10 (a) (1) This subtitle applies to all types of insurers.

11 (2) Except as provided in subsection (b) of this section, this subtitle applies  
12 to:

13 (i) property insurance;

14 (ii) casualty insurance;

15 (iii) surety insurance;

16 (iv) marine insurance; and

17 (v) wet marine and transportation insurance.

18 (b) This subtitle does not apply to:

19 (1) reinsurance, except as provided in § 11–222 of this subtitle;

20 (2) insurance of vessels or craft or their cargoes, marine protection and  
21 indemnity insurance, or insurance of other risks commonly insured under policies of marine  
22 insurance, as distinguished from inland marine insurance;

23 (3) insurance against loss of or damage to aircraft including their  
24 accessories and equipment, or insurance against liability, other than workers'  
25 compensation insurance or employer's liability insurance, arising out of the ownership,  
26 maintenance, or use of aircraft; **OR**

27 (4) title insurance[; or

28 (5) the Chesapeake Employers' Insurance Company].



1 (c) If a kind of insurance, subdivision or combination of kinds of insurance, or  
2 type of coverage is subject to this subtitle and is also subject to regulation by another rate  
3 regulatory provision of the statutes of the State, an insurer to which both provisions are  
4 otherwise applicable shall file with the Commissioner a designation as to which rate  
5 regulatory provision is applicable to it with respect to that kind of insurance, subdivision  
6 or combination of kinds of insurance, or type of coverage.

7 11-303.

8 (a) Notwithstanding Subtitle 2 of this title, this subtitle applies to the  
9 establishment of rates for all types of insurance except:

10 (1) life insurance;

11 (2) annuities;

12 (3) health insurance;

13 (4) marine insurance described in § 11-202(b)(2) of this title;

14 (5) aircraft insurance described in § 11-202(b)(3) of this title;

15 (6) reinsurance;

16 (7) insurance provided under the Maryland Automobile Insurance Fund;

17 [(8) insurance provided under the Chesapeake Employers' Insurance  
18 Company;]

19 [(9) (8) title insurance;

20 [(10) (9) medical malpractice insurance;

21 [(11) (10) any form or plan of insurance regulated under § 27-217 of this  
22 article; and

23 [(12) (11) surety insurance.

24 (b) If and to the extent that the Commissioner finds that the application of any or  
25 all of the provisions of this subtitle is unnecessary to achieve the purposes of this subtitle,  
26 the Commissioner by rule may exempt a person or class of persons or a line or lines of  
27 insurance from any or all of those provisions.

28 [24-305.

29 (a) The Company is not subject to Title 11 of this article.

1 (b) The Board shall:

2 (1) adopt a schedule of premium rates in accordance with sound actuarial  
3 practices; and

4 (2) ensure that the rates are not excessive, inadequate, or unfairly  
5 discriminatory.

6 (c) (1) The Board shall determine the schedule of premium rates by:

7 (i) classifying all of the policyholders of the Company on the basis of  
8 the respective level of hazard of their enterprises; and

9 (ii) setting a premium rate for each class on the basis of:

10 1. its level of hazard; and

11 2. incentives to prevent injuries to employees.

12 (2) To determine the schedule of premium rates, the Board shall use the  
13 rating system that, in the opinion of the Board:

14 (i) most accurately measures the level of hazard for each  
15 policyholder on the basis of the number of injuries that occur in the enterprises of the  
16 policyholder;

17 (ii) encourages the prevention of injuries; and

18 (iii) ensures the solvency of the Company from year to year.

19 (3) The Board may set minimum premium rates for policies issued by the  
20 Company.

21 (d) The Commissioner shall review the Company's rates as part of an examination  
22 under § 2-205 of this article to determine whether the Company's rate making practices  
23 produce actuarially sound rates.]

24 ~~SECTION 5. AND BE IT FURTHER ENACTED, That the Laws of Maryland read~~  
25 ~~as follows:~~

26 ~~Article Labor and Employment~~

27 ~~10-101.~~

28 (a) ~~In this subtitle the following words have the meanings indicated.~~

1 ~~(b) "Administration" means the Maryland Insurance Administration.~~

2 ~~(e) "ADVISORY Board" means the ADVISORY Board for the Injured Workers'~~  
3 ~~Insurance Fund.~~

4 ~~(D) "BOARD" MEANS THE BOARD FOR THE CHESAPEAKE EMPLOYERS'~~  
5 ~~INSURANCE COMPANY.~~

6 ~~[(d)] (E) "Commissioner" means the Maryland Insurance Commissioner.~~

7 ~~[(e)] (F) "Company" means the Chesapeake Employers' Insurance Company~~  
8 ~~established under Title 24, Subtitle 3 of the Insurance Article.~~

9 ~~[(f)] (C) "Fund" means the Injured Workers' Insurance Fund.~~

10 ~~10-105.1.~~

11 ~~(A) THERE IS AN ADVISORY BOARD FOR THE FUND.~~

12 ~~(B) (1) THE ADVISORY BOARD SHALL CONSIST OF FIVE MEMBERS~~  
13 ~~APPOINTED BY THE GOVERNOR WITH THE ADVICE AND CONSENT OF THE SENATE.~~

14 ~~(2) TO THE EXTENT PRACTICABLE, THE ADVISORY BOARD SHALL~~  
15 ~~REFLECT THE GEOGRAPHIC AND DEMOGRAPHIC, INCLUDING RACE AND GENDER,~~  
16 ~~DIVERSITY OF THE STATE.~~

17 ~~(C) (1) THE TERM OF A MEMBER OF THE ADVISORY BOARD IS 3 YEARS.~~

18 ~~(2) THE TERMS OF THE MEMBERS ARE STAGGERED AS REQUIRED BY~~  
19 ~~THE TERMS PROVIDED FOR MEMBERS OF THE ADVISORY BOARD ON OCTOBER 1,~~  
20 ~~2015.~~

21 ~~(3) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL~~  
22 ~~A SUCCESSOR IS APPOINTED AND QUALIFIES.~~

23 ~~(4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN SERVES~~  
24 ~~ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND~~  
25 ~~QUALIFIES.~~

26 ~~(5) A MEMBER MAY NOT:~~

27 ~~(i) SERVE FOR MORE THAN:~~

28 ~~1. THREE FULL TERMS; OR~~

1 ~~2. A TOTAL OF 9 YEARS; OR~~

2 ~~(H) SERVE AS A MEMBER OF THE BOARD.~~

3 ~~(D) A MEMBER OF THE ADVISORY BOARD IS ENTITLED TO REASONABLE~~  
4 ~~REIMBURSEMENT FOR EXPENSES AND TO COMPENSATION AS PROVIDED IN THE~~  
5 ~~BUDGET OF THE BOARD.~~

6 ~~(E) BEFORE TAKING OFFICE, EACH APPOINTEE TO THE ADVISORY BOARD~~  
7 ~~SHALL TAKE THE OATH REQUIRED BY ARTICLE I, § 9 OF THE MARYLAND~~  
8 ~~CONSTITUTION.~~

9 ~~(F) THE ADVISORY BOARD SHALL MONITOR AND OVERSEE THE FUND'S~~  
10 ~~ADMINISTRATION OF THE STATE'S SELF-INSURED WORKERS' COMPENSATION~~  
11 ~~PROGRAM FOR STATE EMPLOYEES UNDER § 10-102(D) OF THIS SUBTITLE.~~

12 ~~(G) THE ADVISORY BOARD SHALL:~~

13 ~~(1) MEET QUARTERLY; AND~~

14 ~~(2) (i) REVIEW THE AMOUNTS BILLED TO THE STATE FOR~~  
15 ~~ADMINISTRATIVE FEES, CLAIMS, AND CLAIMS-RELATED CHARGES TO ENSURE THAT~~  
16 ~~THE AMOUNTS ARE FAIR, REASONABLE, AND IN ACCORDANCE WITH THE CONTRACT~~  
17 ~~SPECIFIED IN § 10-102(D) OF THIS SUBTITLE; AND~~

18 ~~(ii) ANNUALLY REPORT ITS FINDINGS UNDER ITEM (i) OF THIS~~  
19 ~~ITEM TO THE COMPANY AND THE STATE TREASURER.~~

20 ~~(H) THE ADVISORY BOARD MAY:~~

21 ~~(1) CONSULT WITH EMPLOYEES OF THE COMPANY AND THE FUND~~  
22 ~~WHO ARE PERFORMING DUTIES IN CONNECTION WITH THE STATE'S SELF-INSURED~~  
23 ~~WORKERS' COMPENSATION PROGRAM FOR STATE EMPLOYEES;~~

24 ~~(2) MAKE RECOMMENDATIONS TO THE COMPANY AND TO THE STATE~~  
25 ~~TREASURER TO IMPROVE THE FINANCIAL, SAFETY, AND OPERATING RESULTS OF~~  
26 ~~THE STATE'S SELF-INSURED WORKERS' COMPENSATION PROGRAM FOR STATE~~  
27 ~~EMPLOYEES; AND~~

28 ~~(3) WITH THE APPROVAL OF THE COMPANY, RETAIN AUDITORS,~~  
29 ~~ACCOUNTANTS, AND OTHER PROFESSIONALS TO ASSIST THE ADVISORY BOARD IN~~  
30 ~~PERFORMING ITS DUTIES UNDER THIS SECTION.~~

1 SECTION ~~6~~ 5. AND BE IT FURTHER ENACTED, That, notwithstanding any other  
2 provision of law, it is the intent of the General Assembly that, on or before January 1, ~~2020~~  
3 2022, the rating organization that the Maryland Insurance Commissioner designates under  
4 § 11-329 of the Insurance Article, in consultation with the Chesapeake Employers'  
5 Insurance Company, create an exception in its classification system, as required under §  
6 11-332 of the Insurance Article as enacted by Section 3 of this Act, to allow any authorized  
7 insurer in Maryland to use a single classification code for governmental occupations that  
8 are not included in police, firefighter, and clerical classifications.

9 ~~SECTION 7. AND BE IT FURTHER ENACTED, That:~~

10 ~~(a) Notwithstanding § 24-307 of the Insurance Article as enacted by Section 1 of~~  
11 ~~this Act, the term of any member who was on the Board of the Chesapeake Employers'~~  
12 ~~Insurance Company on December 31, 2014, shall be extended until September 30, 2020.~~

13 ~~(b) (1) Except as provided in paragraph (2) of this subsection, policyholders~~  
14 ~~shall select a successor to fill a vacancy that occurs on the Board of the Chesapeake~~  
15 ~~Employers' Insurance Company before October 1, 2020, as provided in § 24-307(b)(2) of the~~  
16 ~~Insurance Article as enacted by Section 1 of this Act.~~

17 ~~(2) If a vacancy occurs on the Board before October 1, 2020, and the Board~~  
18 ~~includes seven members selected by the policyholders, the Governor shall appoint a~~  
19 ~~successor to fill the vacancy in accordance with § 24-307(b)(2) and (3) of the Insurance~~  
20 ~~Article as enacted by Section 1 of this Act.~~

21 ~~(c) Notwithstanding the term limits or qualifications specified in § 24-307 of the~~  
22 ~~Insurance Article as enacted by Section 1 of this Act, the Governor may appoint a member~~  
23 ~~who is on the Board of the Chesapeake Employers' Insurance Company on September 30,~~  
24 ~~2020, to be a member of the Board for an additional term.~~

25 ~~(d) The terms of members of the Board of the Chesapeake Employers' Insurance~~  
26 ~~Company that begin on October 1, 2010, shall expire as follows:~~

27 ~~(1) two members appointed by the policyholders and one member~~  
28 ~~appointed by the Governor, in 2023;~~

29 ~~(2) two members appointed by the policyholders and one member~~  
30 ~~appointed by the Governor, in 2024; and~~

31 ~~(3) three members appointed by the policyholders, in 2025.~~

32 SECTION 6. AND BE IT FURTHER ENACTED, That:

33 (a) Notwithstanding § 24-307 of the Insurance Article as enacted by Section 1 of  
34 this Act, the Governor shall appoint the members of the Board of the Chesapeake  
35 Employers' Insurance Company as follows:

- 1           (1) the two members whose terms expire in 2015 for a 5-year term expiring  
 2 in 2020;
- 3           (2) the one member whose term expires in 2016 for a 5-year term expiring  
 4 in 2021;
- 5           (3) the one member whose term expires in 2017 for a 4-year term expiring  
 6 in 2021;
- 7           (4) the three members whose terms expire in 2018 for a 4-year term  
 8 expiring in 2022; and
- 9           (5) the two members whose terms expire in 2019 for a 5-year term expiring  
 10 in 2024.

11           (b) In appointing members of the Board of the Chesapeake Employers' Insurance  
 12 Company under subsection (a) of this section, the Governor may appoint a member of the  
 13 Board who was a member of the Board on December 31, 2014, and continues to be a member  
 14 of the Board through the expiration of the member's term:

- 15           (1) notwithstanding the term limits specified in § 24-307 of the Insurance  
 16 Article as enacted by Section 1 of this Act; and
- 17           (2) if the member meets the qualifications specified in § 24-307 of the  
 18 Insurance Article as enacted by Section 1 of this Act.

19           (c) The terms of the members of the Board of the Chesapeake Employers'  
 20 Insurance Company that, as provided in subsection (a) of this section, begin in:

- 21           (1) 2020 shall ~~be~~ be appointed by the policyholders and expire in 2025;
- 22           (2) 2021 shall ~~be~~ be appointed by the policyholders and expire in 2026;
- 23           (3) 2022 shall ~~be~~ be appointed by the policyholders and expire in 2027; and
- 24           (4) 2024 shall ~~be~~ be appointed by the Governor and expire in 2029.

25           ~~SECTION 8. AND BE IT FURTHER ENACTED, That the terms of the initial~~  
 26 ~~members of the Advisory Board for the Injured Workers' Insurance Fund shall expire as~~  
 27 ~~follows:~~

- 28           ~~(1) one member in 2016;~~
- 29           ~~(2) two members in 2017; and~~
- 30           ~~(3) two members in 2018.~~

1 SECTION ~~9~~ 7. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall  
2 take effect January 1, ~~2020~~ 2022.

3 SECTION ~~10~~ 8. AND BE IT FURTHER ENACTED, That ~~Sections 4 and 5~~ Section  
4 4 of this Act shall take effect January 1, ~~2021~~ 2023.

5 SECTION ~~11~~ 9. AND BE IT FURTHER ENACTED, That, except as provided in  
6 Sections ~~9 and 10~~ 7 and 8 of this Act, this Act shall take effect October 1, 2015. Section 2 of  
7 this Act shall remain effective for a period of ~~6~~ 8 years and, at the end of September 30,  
8 ~~2021~~ 2023, with no further action required by the General Assembly, Section 2 of this Act  
9 shall be abrogated and of no further force and effect.

Approved:

\_\_\_\_\_  
Governor.

\_\_\_\_\_  
President of the Senate.

\_\_\_\_\_  
Speaker of the House of Delegates.