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§14–116.

(a) (1) In this section, “unsound or unsafe business practice” means a business practice that:

(i) is detrimental to the financial condition of a nonprofit health service plan and does not conform to sound industry practice;

(ii) impairs the ability of a nonprofit health service plan to pay subscriber benefits; or

(iii) violates § 14-102, § 14-115, § 14-115.1, or § 14-139(a), (b), or (c) of this subtitle.

(2) “Unsound or unsafe business practice” includes:

(i) failing to comply with the notice requirements of § 14-119 of this subtitle;

(ii) willfully hindering an examination of a nonprofit health service plan or its affiliates or subsidiaries; and

(iii) failure of a director to attend at least 65% of the meetings of the board during a period of 12 consecutive months.

(b) (1) If the Commissioner believes that an officer or director of a nonprofit health service plan has engaged in an unsound or unsafe business practice, the Commissioner shall send a warning to that individual.

(2) If the Commissioner believes that an officer or director of a nonprofit health service plan has failed to take appropriate action in response to a warning received under paragraph (1) of this subsection, the Commissioner may impose a civil penalty not exceeding \$125,000 for each warning.

(3) The Commissioner shall send a copy of the warning or, if a civil penalty is imposed under paragraph (2) of this subsection, a copy of the order:

(i) by certified mail, return receipt requested, bearing a postmark from the United States Postal Service, to each director of the nonprofit health service plan; and

(ii) if the nonprofit health service plan is a corporation incorporated in a state other than this State, to the insurance commissioner of the state in which the corporation is incorporated.

(c) (1) If the nonprofit health service plan is incorporated in this State, the Commissioner may remove the officer or director if the Commissioner determines after a hearing that the unsound or unsafe business practice continued after the warning.

(2) A copy of the removal order shall be served on the individual removed and each director of the nonprofit health service plan.

(3) The individual removed is entitled to a hearing under Title 2 of this article.

(4) Any person aggrieved by a final decision of the Commissioner under this section may appeal the decision under § 2-215 of this article.

(d) A nonprofit health service plan formed or organized under the laws of this State may not:

(1) form or organize under the laws of another jurisdiction unless the Commissioner determines that it is in the public interest; or

(2) alter its structure, operations, or affiliations, if such alteration results in the for-profit activities of the plan becoming so substantial that the Insurance Commissioner determines that the purpose of the nonprofit health service plan may no longer be characterized as operating a nonprofit health service plan.

(e) The Commissioner may revoke a certificate of authority issued to a foreign corporation subject to this subtitle if:

(1) the foreign corporation operates a nonprofit health service plan that is affiliated with a nonprofit health service plan formed or organized under the laws of this State; and

(2) the affiliation between the foreign nonprofit health service plan and the nonprofit health service plan formed or organized under the laws of this State is terminated.

(f) (1) If the Attorney General has reason to believe that a nonprofit health service plan is engaging in an unsound or unsafe business practice, the Attorney General shall notify the Commissioner.

(2) If the Commissioner fails to take action under this section within 60 days after notification by the Attorney General, the Attorney General may:

(i) investigate the unsound or unsafe business practice; and

(ii) initiate an action in circuit court for appropriate relief to remedy the unsound or unsafe business practice, including the removal of an officer or director of the nonprofit health service plan.

(3) In the course of any investigation conducted by the Attorney General, the Attorney General may:

- (i) subpoena witnesses;
- (ii) administer oaths;
- (iii) examine an individual under oath;
- (iv) compel production of records, books, papers, contracts, and other documents; and
- (v) obtain all necessary assistance from the Administration.

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