

# HOUSE BILL 774

C4

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CF SB 380

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By: **Delegates Kipke and Bromwell**

Introduced and read first time: February 3, 2017

Assigned to: Health and Government Operations

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## A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Surplus Lines – Short–Term Medical Insurance – Procurement**  
3 **From Nonadmitted Insurer**

4 FOR the purpose of altering the scope of certain provisions of law governing surplus lines  
5 insurance as the provisions relate to short–term medical insurance; altering the  
6 conditions under which short–term medical insurance may be procured from a  
7 nonadmitted insurer; providing for the application of this Act; and generally relating  
8 to surplus lines insurance and the procurement of short–term medical insurance  
9 from a nonadmitted insurer.

10 BY repealing and reenacting, without amendments,  
11 Article – Insurance  
12 Section 3–301(a), (c), and (g)  
13 Annotated Code of Maryland  
14 (2011 Replacement Volume and 2016 Supplement)

15 BY repealing and reenacting, with amendments,  
16 Article – Insurance  
17 Section 3–302(c) and 3–306.2(c)  
18 Annotated Code of Maryland  
19 (2011 Replacement Volume and 2016 Supplement)

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

22 **Article – Insurance**

23 3–301.

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

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 (c) “Admitted insurer” means an insurer that is authorized to engage in the  
2 business of insurance in the State.

3 (g) (1) “Nonadmitted insurer” means an insurer that is not authorized to  
4 engage in the business of insurance in the State.

5 (2) “Nonadmitted insurer” does not include a risk retention group.  
6 3–302.

7 (c) Subject to § 3–306.2 of this subtitle, this subtitle applies to:

8 (1) disability insurance that:

9 (i) provides for lost income, revenue, or proceeds in the event that  
10 an illness, accident, or injury results in a disability that impairs an insured’s ability to work  
11 or otherwise generate income, revenue, or proceeds that the insurance is intended to  
12 replace; and

13 (ii) does not include payment for medical expenses, dismemberment,  
14 or accidental death; and

15 (2) short-term medical insurance that provides limited health insurance  
16 benefits for a limited period of time to:

17 (i) residents of the United States who [travel to another country  
18 within 30 days after], **AS OF** the effective date of coverage, **ARE NOT ELIGIBLE FOR**  
19 **COVERAGE UNDER THE AFFORDABLE CARE ACT**; and

20 (ii) residents of another country who:

21 1. travel to the United States within 30 days after the  
22 effective date of coverage; and

23 2. are not traveling to the United States for the purpose of  
24 attending an institution of higher education, as defined in § 10–101 of the Education  
25 Article.

26 3–306.2.

27 (c) Procurement of short-term medical insurance under this section from a  
28 nonadmitted insurer is subject to:

29 (1) a policy term that[:

30 (i) may not exceed 11 months; and

1 (ii) may not be extended or renewed] **IS LESS THAN 3 MONTHS**  
2 **AFTER THE ORIGINAL DATE OF THE SHORT-TERM MEDICAL INSURANCE POLICY;**

3 (2) the provision of written notice to the applicant, on a form approved by  
4 the Commissioner:

5 (i) stating [that coverage may be available under the Affordable  
6 Care Act without medical underwriting] **“THIS IS NOT QUALIFYING HEALTH COVERAGE**  
7 **(“MINIMUM ESSENTIAL COVERAGE”) THAT SATISFIES THE HEALTH COVERAGE**  
8 **REQUIREMENT OF THE AFFORDABLE CARE ACT. IF YOU DO NOT HAVE MINIMUM**  
9 **ESSENTIAL COVERAGE, YOU MAY OWE AN ADDITIONAL PAYMENT ON YOUR TAXES.”;**

10 (ii) providing contact information for the Maryland Health Benefit  
11 Exchange;

12 (iii) stating that the short-term medical insurance may be available  
13 from an admitted insurer; **AND**

14 (iv) stating that similar coverage may be available from an admitted  
15 insurer offering travel insurance, as defined in § 10-101 of this article[]; and

16 (v) stating that:

17 1. the short-term medical insurance does not meet the  
18 requirements for minimum essential coverage under the Affordable Care Act; and

19 2. a purchaser of the short-term medical insurance may be  
20 subject to tax penalties for not having minimum essential coverage[];

21 (3) the diligent search requirements of §§ 3-306 and 3-306.1 of this  
22 subtitle; and

23 (4) all other requirements of this subtitle.

24 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
25 policies and contracts of surplus lines insurance for short-term medical insurance issued,  
26 delivered, or renewed in the State on or after October 1, 2017.

27 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
28 October 1, 2017.