SENATE BILL 227

C4 9lr1866 CF HB 608

By: Senator Kelley

Introduced and read first time: January 24, 2019

Assigned to: Finance

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: February 20, 2019

CHAPTER

1 AN ACT concerning

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Insurance - Principle-Based Reserves

- FOR the purpose of altering the exemptions that the Maryland Insurance Commissioner may provide to certain domestic insurance companies from certain reserve requirements; authorizing the Commissioner to exempt a certain domestic insurance company from certain requirements if the company meets certain principle—based reserve exemption criteria; repealing certain exemptions to certain reserve requirements; and generally relating to insurance companies and required reserves.
- 9 BY repealing and reenacting, with amendments,
- 10 Article Insurance
- 11 Section 5–317
- 12 Annotated Code of Maryland
- 13 (2017 Replacement Volume and 2018 Supplement)
- 14 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,
- 15 That the Laws of Maryland read as follows:
- 16 Article Insurance
- 17 5–317.
- 18 (a) The Commissioner may exempt a specific product form or product line of a domestic company that holds a certificate of authority issued by the Commissioner and is 20 doing business only in the State from the requirements of § 5–313 of this subtitle if:

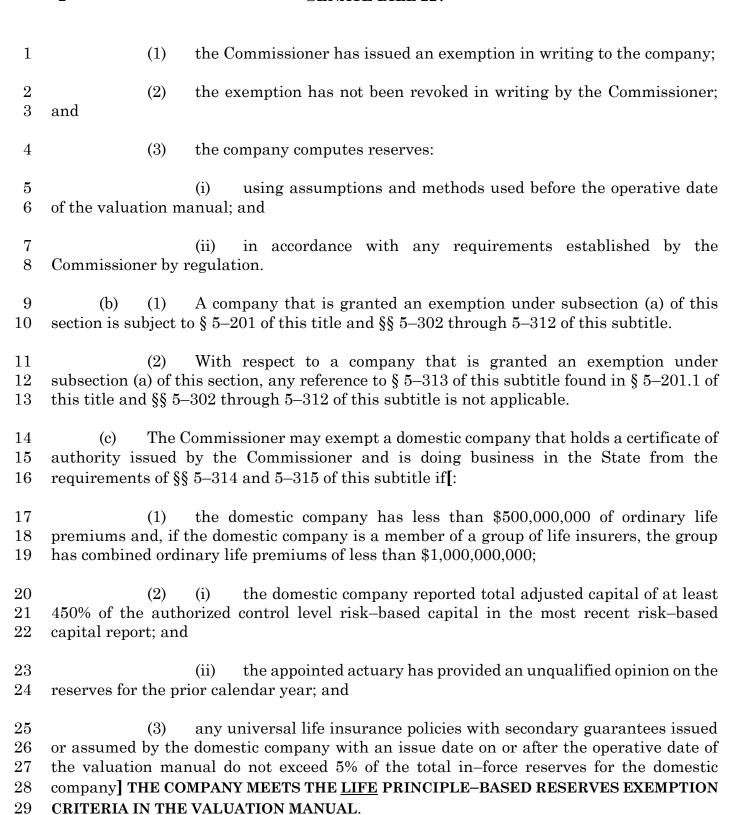
EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

<u>Underlining</u> indicates amendments to bill.

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





30 (d) For purposes of subsection (c) of this section, ordinary life premiums are 31 measured as direct premium plus reinsurance assumed from an unaffiliated company, as 32 reported in the annual statement for the prior calendar year.

$\frac{1}{2}$	(e) (1) A domestic company that meets the requirements of subsection (c) of this section shall:
3	(i) compute reserves:
4 5	1. using assumptions and methods used before the operative date of the valuation manual; and
6 7	2. in accordance with any requirements established by the Commissioner in regulation; and
8 9 10 11	(ii) file, before July 1 of each year, a statement with the Commissioner certifying that the domestic company meets the requirements of subsection (c) of this section for the current calendar year based on premiums and other values from the financial statements for the prior calendar year.
12 13 14	(2) Before September 1 of each year, the Commissioner may reject a statement filed under paragraph (1)(ii) of this subsection and require a domestic company to comply with the valuation manual requirements for life insurance reserves.
15 16	SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect October 1, 2019.
	Approved:
	Governor.
	President of the Senate.
	Speaker of the House of Delegates.