
**By: Chairman, Economic Matters Committee (Departmental - Insurance
Administration, Maryland)**

Introduced and read first time: January 26, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Insurer Examinations - Confidentiality**

3 FOR the purpose of clarifying that the Insurance Commissioner may not disclose, except
4 under certain circumstances, certain information related to certain examinations of
5 insurers and certain other persons; clarifying that final reports of certain
6 examinations are considered public documents; clarifying that, except under certain
7 circumstances, certain information related to certain examinations is not subject to
8 subpoena; providing for the effective dates of this Act; and generally relating to
9 disclosure of information relating to certain examinations of insurers and certain
10 other persons.

11 BY repealing and reenacting, with amendments,
12 Article 48A - Insurance Code
13 Section 34(7)
14 Annotated Code of Maryland
15 (1994 Replacement Volume and 1995 Supplement)

16 BY adding to
17 Article 48A - Insurance Code
18 Section 34(8)
19 Annotated Code of Maryland
20 (1994 Replacement Volume and 1995 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article - Insurance
23 Section 2-209(g)
24 Annotated Code of Maryland
25 (1995 Volume)
26 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

27 BY adding to
28 Article - Insurance
29 Section 2-209(h)

2

1 Annotated Code of Maryland
2 (1995 Volume)
3 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

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

6 **Article 48A - Insurance Code**

7 34.

8 (7) (i) The Commissioner may NOT disclose any preliminary examination
9 report, [examination report,] investigation report, FINANCIAL ANALYSIS, WORK
10 PAPER, or any other matter related to an examination made under [§§ 30,31, or 486B]
11 § 30, § 31, OR § 486B of this article to ANY PERSON EXCEPT:

- 12 1. The insurance regulatory agency of another state; or
- 13 2. A federal, State, local, or other law enforcement agency.

14 (ii) A disclosure may only be made under this paragraph if:

- 15 1. The disclosure is made for regulatory, law enforcement, or
16 prosecutorial purposes;
- 17 2. The agency or office receiving the disclosure agrees in writing to
18 hold it confidential and in a manner consistent with this section; and
- 19 3. The Commissioner is satisfied that the agency or office to which
20 disclosure is contemplated will preserve the confidential nature of the information.

21 (III) NOTWITHSTANDING THE PROVISIONS OF THIS PARAGRAPH, FINAL
22 REPORTS OF EXAMINATION ARE CONSIDERED PUBLIC DOCUMENTS AND MAY BE
23 DISCLOSED TO THE PUBLIC.

24 (IV) A PRELIMINARY EXAMINATION REPORT, INVESTIGATION REPORT,
25 FINANCIAL ANALYSIS, WORK PAPER, OR ANY OTHER MATTER RELATED TO AN
26 EXAMINATION MADE UNDER § 30, § 31, OR § 486B OF THIS ARTICLE OR DESCRIBED
27 UNDER PARAGRAPH (8) OF THIS SUBSECTION IS NOT SUBJECT TO SUBPOENA BY ANY
28 PERSON OTHER THAN THOSE LISTED IN SUBPARAGRAPH (I) 1 AND 2 OF THIS
29 PARAGRAPH.

30 (8) THE COMMISSIONER MAY NOT DISCLOSE ANY INFORMATION OBTAINED
31 FROM ANOTHER STATE IF THE INFORMATION IS:

32 (I) RELATED TO AN EXAMINATION MADE BY THE OTHER STATE ON AN
33 INSURER DOMICILED IN THAT STATE; AND

34 (II) OF A NATURE THAT WOULD BE CONSIDERED CONFIDENTIAL
35 UNDER PARAGRAPH (7) OF THIS SECTION IF THE EXAMINATION HAD BEEN MADE BY
36 THIS STATE UNDER § 30, § 31, OR § 486B OF THIS ARTICLE.

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

3

1 **Article - Insurance**

2 2-209.

3 (g) (1) Subject to paragraph (2) of this subsection, the Commissioner may
4 disclose a preliminary examination report, [examination report,] investigation report, or
5 any other matter related to an examination made under § 2-205 or § 2-206 of this subtitle
6 or § XX-XXX of this article [48A § 486B] ONLY to the insurance regulatory agency of
7 another state or to a federal, State, local, or other law enforcement agency.

8 (2) A disclosure may be made under paragraph (1) of this subsection only if:

9 (i) the disclosure is made for regulatory, law enforcement, or
10 prosecutorial purposes;

11 (ii) the agency receiving the disclosure agrees in writing to keep the
12 disclosure confidential and in a manner consistent with this section; and

13 (iii) the Commissioner is satisfied that the agency will preserve the
14 confidential nature of the information.

15 (3) NOTWITHSTANDING THE PROVISIONS OF THIS SUBSECTION, FINAL
16 REPORTS OF EXAMINATIONS ARE CONSIDERED PUBLIC DOCUMENTS AND MAY BE
17 DISCLOSED TO THE PUBLIC.

18 (4) EXCEPT FOR AN INSURANCE REGULATORY AGENCY OF ANOTHER
19 STATE OR A FEDERAL, STATE, LOCAL, OR OTHER LAW ENFORCEMENT AGENCY, A
20 PERSON MAY NOT SUBPOENA:

21 (I) A PRELIMINARY EXAMINATION REPORT, INVESTIGATION
22 REPORT, FINANCIAL ANALYSIS, WORK PAPER, OR ANY OTHER MATTER RELATED TO
23 AN EXAMINATION MADE UNDER § 2-205 OR § 2-206 OF THIS SUBTITLE OR § XX-XXX
24 OF THIS ARTICLE [48A § 486B]; OR

25 (II) INFORMATION DESCRIBED UNDER SUBSECTION (H) OF THIS
26 SECTION.

27 (H) THE COMMISSIONER MAY NOT DISCLOSE ANY INFORMATION OBTAINED
28 FROM ANOTHER STATE IF THE INFORMATION IS:

29 (1) RELATED TO AN EXAMINATION MADE BY THE OTHER STATE ON AN
30 INSURER DOMICILED IN THAT STATE; AND

31 (2) OF A NATURE THAT WOULD BE CONSIDERED CONFIDENTIAL
32 UNDER PARAGRAPH (1) OF THIS SUBSECTION IF THE EXAMINATION HAD BEEN
33 MADE BY THIS STATE UNDER § 2-205 OR § 2-206 OF THIS SUBTITLE OR § XX-XXX OF
34 THIS ARTICLE [48A § 486B].

35 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
36 take effect October 1, 1996.

37 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act
38 shall take effect October 1, 1997.