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

Introduced and read first time: January 29, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance Regulation - Reports, Penalties, and Definitions**

3 FOR the purpose of altering certain reporting requirements; authorizing the Maryland
4 Insurance Administration to charge a fee for providing copies of certain reports;
5 providing that insurers that fail to renew a certificate of authority in a timely
6 manner shall forfeit a certain penalty; clarifying the definition of third party
7 administrator; providing for the effective date of certain provisions of this Act;
8 providing for the future codification of certain provisions of this Act; and generally
9 relating to the regulation of certificates of authority, reports, and third party
10 administrators.

11 BY repealing and reenacting, with amendments,
12 Article 48A - Insurance Code
13 Section 23, 54, and 681(f)
14 Annotated Code of Maryland
15 (1994 Replacement Volume and 1995 Supplement)

16 BY repealing
17 Article 48A - Insurance Code
18 Section 14A(e)
19 Annotated Code of Maryland
20 (1994 Replacement Volume and 1995 Supplement)

21 BY repealing and reenacting, with amendments,
22 Article - Insurance
23 Section 2-110 and 8-301(f)
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 4-112(e)

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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 14A.

8 [(e) (1) The Commissioner shall publish an annual report on January 31 of each
9 year detailing the rulings and decisions made in cases before the Administration in the
10 prior calendar year.

11 (2) The Administration may charge a fee for copies of the report provided
12 to the public.]

13 23.

14 (1) As early in each fiscal year as is reasonably possible, the Commissioner shall
15 prepare an annual report regarding the previous fiscal year that includes:

16 (a) A list of the authorized insurers transacting insurance business in
17 Maryland, with such summary of their financial statement as he deems appropriate;

18 (b) Names of all insurers whose business was closed during the year, the
19 cause thereof, and the amount of assets and liabilities as ascertainable;

20 (c) Names of insurers against which delinquency or similar proceedings
21 were instituted, and a concise statement of the facts with respect to each such proceeding
22 and the status thereof;

23 (D) A LIST OF THE RULINGS AND DECISIONS MADE IN CASES BEFORE
24 THE ADMINISTRATION IN THE PRIOR FISCAL YEAR;

25 [(d)] (E) A statement of all fees, taxes, and administrative fines and
26 penalties received by the Commissioner and deposited into the General Fund;

27 [(e)] (F) Recommendations of the Commissioner as to:

28 (1) [amendments or supplementation of] AMENDMENTS TO laws
29 affecting insurance[, and as to matters]; AND

30 (2) MATTERS affecting the [Division] ADMINISTRATION; and

31 [(f)] (G) Such other pertinent information and matters as the Commissioner
32 deems proper.

33 (2) (a) (i) By December 1, 1995, the Commissioner shall prepare a report
34 recommending any changes that the Commissioner deems to be appropriate under §§ 48
35 and 49 of this article.

36 (ii) The Commissioner shall prepare a similar report at least once
37 every 5 years thereafter.

3

1 (b) This report, when required, may be prepared in conjunction with the
2 annual report required under subsection (1) of this section.

3 (3) Reports required under this section shall be submitted to the Governor and,
4 subject to § 2-1312 of the State Government Article, to the General Assembly.

5 (4) THE ADMINISTRATION MAY CHARGE A FEE FOR COPIES OF ANY REPORTS
6 REQUIRED UNDER THIS SECTION THAT ARE PROVIDED TO THE PUBLIC.

7 681.

8 (f) (1) "Plan" means any plan, fund, or other arrangement that is established,
9 maintained, or contributed to by an employer, by an employee organization, or by both, to
10 the extent that such plan, fund, or arrangement was established or is maintained for the
11 purpose of:

12 [(1)] (I) Providing for its participants or their beneficiaries, any of whom
13 are residents of this State, through the purchase of insurance or otherwise:

14 [(i)] 1. Medical, surgical, or hospital care or benefits;

15 [(ii)] 2. Benefits in the event of sickness, accident, disability, death,
16 or unemployment;

17 [(iii)] 3. Vacation benefits;

18 [(iv)] 4. Apprenticeship or other training programs;

19 [(v)] 5. Day care centers;

20 [(vi)] 6. Scholarship funds;

21 [(vii)] 7. Prepaid legal services;

22 [(viii)] 8. Severance pay arrangements; or

23 [(ix)] 9. Supplemental retirement income payments; or

24 [(2)] (II) Providing retirement income to or permitting the deferral of
25 income by employees, any of whom are residents of this State, for periods extending to
26 the termination of covered employment or beyond.

27 (2) "PLAN" DOES NOT INCLUDE A PLAN, FUND, OR OTHER
28 ARRANGEMENT ESTABLISHED OR MAINTAINED SOLELY FOR THE PURPOSE OF
29 COMPLYING WITH THE WORKERS' COMPENSATION LAWS OF THE STATE.

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

32 **Article 48A - Insurance Code**

33 54.

34 (A) All original and renewal certificates of authority heretofore or hereafter
35 issued to insurers shall, unless previously suspended or revoked, expire at midnight on the
36 30th day of June succeeding the date of the issuance of such certificate of authority. Upon

4

1 payment of the annual continuation fee provided in § 41 before the expiration date of a
2 certificate of authority, the same shall remain in effect until a new certificate of authority
3 is issued or specifically refused.

4 (B) UNTIL THE INSURER HAS FILED A COMPLETE RENEWAL APPLICATION
5 AND THE ANNUAL CONTINUATION FEE PROVIDED IN § 41, AN INSURER THAT FAILS
6 TO RENEW ITS CERTIFICATE OF AUTHORITY ON OR BEFORE JUNE 30 SHALL
7 FORFEIT:

8 (1) \$100 FOR EACH DAY FROM JULY 1 THROUGH JULY 10;

9 (2) \$500 FOR EACH DAY FROM JULY 11 THROUGH JULY 31; AND

10 (3) \$1,000 FOR EACH DAY AFTER JULY 31.

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

13 **Article - Insurance**

14 2-110.

15 (a) As early in each fiscal year as is reasonably possible the Commissioner shall
16 prepare an annual report about the previous fiscal year that includes:

17 (1) a list of the authorized insurers transacting insurance business in the
18 State, with any summary of their financial statements that the Commissioner considers
19 appropriate;

20 (2) the name of each insurer whose business was closed during the year, the
21 cause of the closure, and the amount of assets and liabilities of the insurer that is
22 ascertainable;

23 (3) the name of each insurer against whom delinquency or similar
24 proceedings were initiated, a concise statement of facts about each delinquency or similar
25 proceeding, and the status of each proceeding;

26 (4) A LIST OF THE RULINGS AND DECISIONS MADE IN CASES BEFORE
27 THE ADMINISTRATION DURING THE YEAR;

28 [(4)] (5) a statement of all fees, taxes, and administrative fines and
29 penalties received by the Commissioner and deposited into the General Fund of the
30 State;

31 [(5)] (6) the ratio of complaints filed during the calendar year against each
32 insurer for each major line of insurance written by the insurer and a summary of the
33 resolution of the complaints;

34 [(6)] (7) recommendations of the Commissioner about changes in the laws
35 affecting insurance and about matters affecting the Administration; and

36 [(7)] (8) any other relevant information that the Commissioner considers
37 proper.

5

1 (b) (1) At least once every 5 years after December 1, 1995, the Commissioner
2 shall prepare a report recommending any changes that the Commissioner considers
3 appropriate under §§ 4-104 and 4-105 of this article.

4 (2) When required, the report described in paragraph (1) of this subsection
5 may be prepared with the annual report required by subsection (a) of this section.

6 [(c) (1) On January 31 of each year, the Commissioner shall publish an annual
7 report that details the rulings and decisions made in cases before the Administration in
8 the prior calendar year.

9 (2) The Administration may charge a fee for copies of the report provided
10 to the public.]

11 [(d)] (C) Reports required under subsection (a) or (b) of this section shall be
12 submitted to the Governor and, subject to § 2-1312 of the State Government Article, the
13 General Assembly.

14 (D) THE ADMINISTRATION MAY CHARGE A FEE FOR COPIES OF ANY REPORTS
15 REQUIRED UNDER SUBSECTIONS (A) OR (B) OF THIS SECTION THAT ARE PROVIDED
16 TO THE PUBLIC.

17 4-112.

18 (E) UNTIL THE INSURER HAS FILED A RENEWAL APPLICATION AND THE
19 APPLICABLE RENEWAL FEE, AN INSURER THAT FAILS TO RENEW ITS CERTIFICATE
20 OF AUTHORITY ON OR BEFORE JUNE 30 SHALL PAY A PENALTY OF:

21 (1) \$100 FOR EACH DAY FROM JULY 1 TO JULY 10, BOTH INCLUSIVE;

22 (2) \$500 FOR EACH DAY FROM JULY 11 TO JULY 31, BOTH INCLUSIVE;
23 AND

24 (3) \$1,000 FOR EACH DAY AFTER JULY 31.

25 8-301.

26 (f) (1) "Plan" means a fund or other arrangement that is established,
27 maintained, or contributed to by an employer, employee organization, or both, to the
28 extent that the fund or arrangement was established or is maintained for the purpose of:

29 [(1)] (D) providing for participants or beneficiaries, any of whom are
30 residents of the State, through the purchase of insurance or otherwise:

31 [(i)] 1. medical, surgical, or hospital care or benefits;

32 [(ii)] 2. benefits in the event of sickness, accident, disability, death,
33 or unemployment;

34 [(iii)] 3. vacation benefits;

35 [(iv)] 4. apprenticeship or other training programs;

36 [(v)] 5. day care centers;

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1 [(vi)] 6. scholarship funds;

2 [(vii)] 7. prepaid legal services;

3 [(viii)] 8. severance pay arrangements; or

4 [(ix)] 9. supplemental retirement income payments; or

5 [(2)] (II) providing retirement income to or allowing the deferral of income
6 by employees, any of whom are residents of the State, until or after the termination of
7 covered employment.

8 (2) "PLAN" DOES NOT INCLUDE A FUND OR ARRANGEMENT
9 ESTABLISHED OR MAINTAINED SOLELY FOR THE PURPOSE OF COMPLYING WITH
10 THE WORKER'S COMPENSATION LAWS OF THE STATE.

11 SECTION 4. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
12 take effect June 1, 1996.

13 SECTION 5. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
14 take effect October 1, 1996.

15 SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
16 take effect October 1, 1997.