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

Introduced and read first time: January 29, 1996

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 7, 1996

CHAPTER ____

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 requiring the Insurance Commissioner to send certain information to insurers at a
6 certain time; requiring insurers to file renewal applications and continuation fees on
7 or before a certain date; requiring the Commissioner to issue a certain order under
8 certain circumstances; providing that insurers that fail to renew a certificate of
9 authority in a timely manner shall forfeit a certain penalty; clarifying the definition
10 of third party administrator; providing for the effective date of certain provisions of
11 this Act; providing for the future codification of certain provisions of this Act; and
12 generally relating to the regulation of certificates of authority, reports, and third
13 party administrators.

14 BY repealing and reenacting, with amendments,
15 Article 48A - Insurance Code
16 Section 23, 54, and 681(f)
17 Annotated Code of Maryland
18 (1994 Replacement Volume and 1995 Supplement)

19 BY repealing
20 Article 48A - Insurance Code
21 Section 14A(e)
22 Annotated Code of Maryland
23 (1994 Replacement Volume and 1995 Supplement)

24 BY repealing and reenacting, with amendments,

2

1 Article - Insurance
 2 Section 2-110, 4-112(b), and 8-301(f)
 3 Annotated Code of Maryland
 4 (1995 Volume)
 5 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

6 BY adding to
 7 Article - Insurance
 8 Section 4-112(e)
 9 Annotated Code of Maryland
 10 (1995 Volume)
 11 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

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

14 **Article 48A - Insurance Code**

15 14A.

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

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

21 23.

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

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

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

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

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

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

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

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

3

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

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

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

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

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

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

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

15 681.

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

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

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

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

25 [(iii)] 3. Vacation benefits;

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

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

28 [(vi)] 6. Scholarship funds;

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

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

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

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

4

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

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

6 **Article 48A - Insurance Code**

7 54.

8 (A) (1) All original and renewal certificates of authority heretofore or hereafter
 9 issued to insurers shall, unless previously suspended or revoked, expire at midnight on the
 10 30th day of June succeeding the date of the issuance of such certificate of authority. Upon
 11 payment of the annual continuation fee provided in § 41 before the expiration date of a
 12 certificate of authority, the same shall remain in effect until a new certificate of authority
 13 is issued or specifically refused.

14 (2) AT LEAST 3 MONTHS BEFORE A CERTIFICATE OF AUTHORITY
 15 EXPIRES, THE COMMISSIONER SHALL SEND TO EACH INSURER HOLDING A
 16 CERTIFICATE OF AUTHORITY UNDER THIS ARTICLE AN APPLICATION TO RENEW
 17 THE CERTIFICATE OF AUTHORITY.

18 (B) (1) UNTIL THE INSURER HAS FILED AN INSURER SHALL MAIL A
 19 COMPLETE RENEWAL APPLICATION AND THE ANNUAL CONTINUATION FEE
 20 PROVIDED IN § 41; ON OR BEFORE JUNE 1, AN INSURER THAT FAILS TO RENEW ITS
 21 CERTIFICATE OF AUTHORITY ON OR BEFORE JUNE 30 DO SO SHALL FORFEIT:

22 (1) \$100 FOR EACH DAY FROM JULY 1 THROUGH JULY 10; JUNE 2
 23 THROUGH JUNE 10; AND

24 (2) \$500 FOR EACH DAY FROM JULY 11 THROUGH JULY 31; AND
 25 JUNE 11 THROUGH JUNE 30.

26 (3) \$1,000 FOR EACH DAY AFTER JULY 31.

27 (2) AN INSURER THAT FAILS TO RENEW ITS CERTIFICATE OF
 28 AUTHORITY ON OR BEFORE JUNE 30 SHALL FORFEIT:

29 (I) \$1,000 FOR EACH DAY FROM JULY 1 THROUGH JULY 5; AND

30 (II) \$5,000 FOR EACH DAY AFTER JULY 5.

31 (3) IN ADDITION TO THE MONETARY PENALTIES IMPOSED UNDER THIS
 32 SUBSECTION, ON JULY 1 OF EACH YEAR, FOR EACH INSURER THAT FAILS TO FILE ITS
 33 RENEWAL APPLICATION AND CONTINUATION FEE ON OR BEFORE JUNE 30, THE
 34 COMMISSIONER SHALL:

35 (I) ORDER THAT THE INSURER CEASE AND DESIST FROM
 36 ENGAGING FURTHER FROM THE WRITING OF INSURANCE IN THIS STATE IN
 37 ACCORDANCE WITH § 55 OF THIS ARTICLE; OR

5

1 (II) ISSUE AN ORDER TO REQUIRE THE INSURER TO SHOW CAUSE
2 WHY IT SHOULD BE ALLOWED TO CONTINUE TO ENGAGE IN THE INSURANCE
3 BUSINESS IN THE STATE.

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

6 **Article - Insurance**

7 2-110.

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

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

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

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

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

21 [(4)] (5) a statement of all fees, taxes, and administrative fines and
22 penalties received by the Commissioner and deposited into the General Fund of the
23 State;

24 [(5)] (6) the ratio of complaints filed during the calendar year against each
25 insurer for each major line of insurance written by the insurer and a summary of the
26 resolution of the complaints;

27 [(6)] (7) recommendations of the Commissioner about changes in the laws
28 affecting insurance and about matters affecting the Administration; and

29 [(7)] (8) any other relevant information that the Commissioner considers
30 proper.

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

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

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

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

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

6 ~~(D) THE ADMINISTRATION MAY CHARGE A FEE FOR COPIES OF ANY REPORTS~~
7 ~~REQUIRED UNDER SUBSECTIONS (A) OR (B) OF THIS SECTION THAT ARE PROVIDED~~
8 ~~TO THE PUBLIC.~~

9 4-112.

10 (b) At least [1 month] 3 MONTHS before a certificate of authority expires, the
11 Commissioner shall mail to the holder of the certificate of authority, at the last known
12 address of the holder:

13 (1) a renewal application form; and

14 (2) a notice that states:

15 (i) the date on which the current certificate of authority expires;

16 (ii) the date by which the Commissioner must receive the renewal
17 application for the renewal to be issued and mailed before the certificate of authority
18 expires; and

19 (iii) the amount of the renewal fee.

20 (E) ~~(1) UNTIL THE INSURER HAS FILED AN INSURER SHALL MAIL A~~
21 ~~RENEWAL APPLICATION AND THE APPLICABLE RENEWAL FEE; ON OR BEFORE JUNE~~
22 ~~1, AN INSURER THAT FAILS TO RENEW ITS CERTIFICATE OF AUTHORITY ON OR~~
23 ~~BEFORE JUNE 30 DO SO SHALL PAY A PENALTY OF:~~

24 ~~(1) \$100 FOR EACH DAY FROM JULY 1 TO JULY 10~~ JUNE 2 THROUGH
25 JUNE 10, BOTH INCLUSIVE; AND

26 ~~(2) \$500 FOR EACH DAY FROM JULY 11 TO JULY 31, BOTH~~
27 ~~INCLUSIVE; AND JUNE 11 THROUGH JUNE 30.~~

28 ~~(3) \$1,000 FOR EACH DAY AFTER JULY 31.~~

29 (2) AN INSURER THAT FAILS TO RENEW ITS CERTIFICATE OF
30 AUTHORITY ON OR BEFORE JUNE 30 SHALL FORFEIT:

31 (I) \$1,000 FOR EACH DAY FROM JULY 1 THROUGH JULY 5; AND

32 (II) \$5,000 FOR EACH DAY AFTER JULY 5.

33 (3) IN ADDITION TO THE MONETARY PENALTIES IMPOSED UNDER THIS
34 SUBSECTION, ON JULY 1 OF EACH YEAR, FOR EACH INSURER THAT FAILS TO FILE ITS
35 RENEWAL APPLICATION AND CONTINUATION FEE ON OR BEFORE JUNE 30, THE
36 COMMISSIONER SHALL:

7

1 (I) ORDER THAT THE INSURER CEASE AND DESIST FROM
 2 ENGAGING FURTHER FROM THE WRITING OF INSURANCE IN THIS STATE IN
 3 ACCORDANCE WITH § 55 OF THIS ARTICLE; OR

4 (II) ISSUE AN ORDER TO REQUIRE THE INSURER TO SHOW CAUSE
 5 WHY IT SHOULD BE ALLOWED TO CONTINUE TO ENGAGE IN THE INSURANCE
 6 BUSINESS IN THE STATE.

7 8-301.

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

11 [(1)] (I) providing for participants or beneficiaries, any of whom are
 12 residents of the State, through the purchase of insurance or otherwise:

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

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

16 [(iii)] 3. vacation benefits;

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

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

19 [(vi)] 6. scholarship funds;

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

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

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

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

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

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

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

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

