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

Introduced and read first time: February 2, 1996

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Contractual Services - Examination and Licensing**

3 FOR the purpose of allowing the Insurance Commissioner to privatize certain services of
4 the Maryland Insurance Administration; clarifying the procedure whereby the
5 Insurance Commissioner administers and charges for examinations for certain
6 persons; repealing certain examination fees; repealing certain fees;clarifying the
7 manner in which contractual fees are set and collected; providing for the collection
8 of certain fees by certain persons; providing for the future codification of certain
9 provisions of this Act; and generally relating to fees charged and services provided
10 by the Maryland Insurance Administration.

11 BY adding to

12 Article 48A - Insurance Code
13 Section 17(9)
14 Annotated Code of Maryland
15 (1994 Replacement Volume and 1995 Supplement)

16 BY repealing

17 Article 48A - Insurance Code
18 Section 41(10) and (15)
19 Annotated Code of Maryland
20 (1994 Replacement Volume and 1995 Supplement)

21 BY repealing and reenacting, with amendments,

22 Article 48A - Insurance Code
23 Section 169, 176(g), 177(2), 181(g), and 182(f)
24 Annotated Code of Maryland
25 (1994 Replacement Volume and 1995 Supplement)

26 BY repealing and reenacting, without amendments,

27 Article 48A - Insurance Code
28 Section 181(d) and 182(g)
29 Annotated Code of Maryland

2

1 (1994 Replacement Volume and 1995 Supplement)

2 BY adding to

3 Article - Insurance

4 Section 2-104(j)

5 Annotated Code of Maryland

6 (1995 Volume)

7 (As enacted by Chapters 36 and 352 of the Acts of the General Assembly of 1995)

8 BY repealing

9 Article - Insurance

10 Section 2-112(a)(10) and (15) and 10-108(c)

11 Annotated Code of Maryland

12 (1995 Volume)

13 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

14 BY repealing and reenacting, with amendments,

15 Article - Insurance

16 Section 10-107(c), 10-118(a), 10-204(c), and 10-404(c)

17 Annotated Code of Maryland

18 (1995 Volume)

19 (As enacted by Chapters 36 and 635 of the Acts of the General Assembly of 1995)

20 BY repealing and reenacting, without amendments,

21 Article - Insurance

22 Section 10-205, 10-211(c)(1), (2), and (3), and 10-405(a)

23 Annotated Code of Maryland

24 (1995 Volume)

25 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

26 BY renumbering

27 Article 48A - Insurance Code

28 Section 41(11), (12), (13), (14), (16), (17), (18), (19), (20), and (21), respectively

29 to be Section 41(10), (11), (12), (13), (14), (15), (16), (17), (18), and (19),

30 respectively

31 Annotated Code of Maryland

32 (1994 Replacement Volume and 1995 Supplement)

33 BY renumbering

34 Article - Insurance

35 Section 2-112(a)(11), (12), (13), (14), (16), (17), (18), (19), (20), and (21),

36 respectively

37 to be Section 2-112(a)(10), (11), (12), (13), (14), (15), (16), (17), (18), and (19),

38 respectively

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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 17.

8 (9) (I) SUBJECT TO APPROVAL BY THE BOARD OF PUBLIC WORKS UNDER
9 THE STATE FINANCE AND PROCUREMENT LAW, THE COMMISSIONER MAY
10 CONTRACT FOR THE PERFORMANCE OF LICENSING SERVICES UNDER THIS ARTICLE.

11 (II) 1. THE COMMISSIONER MAY REQUIRE DIRECT PAYMENT TO THE
12 CONTRACTOR OF THE ADMINISTRATIVE CHARGES TO COVER THE COST OF
13 PROVIDING THE LICENSING SERVICES.

14 2. THE DIRECT PAYMENT REQUIREMENT MAY APPLY TO:

15 A. ANY PERSON WHO IS AN APPLICANT FOR A CERTIFICATE
16 OF AUTHORITY OR A CERTIFICATE OF QUALIFICATION ISSUED BY THE
17 COMMISSIONER; OR

18 B. ANY INSURER, HEALTH MAINTENANCE ORGANIZATION,
19 NONPROFIT HEALTH SERVICE PLAN, FRATERNAL BENEFIT SOCIETY, OR OTHER
20 ENTITY OPERATING IN THIS STATE UNDER A CERTIFICATE OF AUTHORITY ISSUED
21 BY THE COMMISSIONER.

22 (III) THE COMMISSIONER SHALL SET OUT IN THE CONTRACT THE
23 AMOUNT OF ANY ADMINISTRATIVE CHARGE REQUIRED UNDER THIS PARAGRAPH
24 AND THE MANNER IN WHICH IT WILL BE COLLECTED.

25 (IV) THE COMMISSIONER SHALL LIMIT THE ADMINISTRATIVE CHARGE
26 TO THE COST TO THE CONTRACTOR OF PROVIDING THE SERVICE AS SET OUT IN THE
27 CONTRACT.

28 (V) THE COMMISSIONER MAY REQUIRE THE CONTRACTOR TO COLLECT
29 ANY FEES SPECIFIED IN THIS ARTICLE AND REMIT THEM TO THE STATE GENERAL
30 FUND AS PROVIDED IN THE CONTRACT.

31 41.

32 The Commissioner shall collect in advance, and the persons so served shall pay the
33 following fees to the Commissioner:

34 [(10) Trade name:

35 (i) Original filing\$ 25.00

36 (ii) Each amendment \$ 5.00]

37 [(15) Commissioner's certificate under seal \$ 5.00]

4

1 169.

2 (a) All insurers doing business in this State shall on the appointment or
 3 termination of any agent, immediately file a [written] notice of appointment or
 4 termination [with] IN THE MANNER SPECIFIED BY the Commissioner and the reasons
 5 for termination. Any disclosure to the Commissioner under this subsection shall be
 6 considered a privileged communication and may not be used in evidence in any court
 7 action or proceeding other than an appeal from action of the Commissioner.

8 (b) All [such] appointments and terminations shall be accompanied by the
 9 [appropriate fees in the respective amounts stated, when required by the applicable
 10 provisions of this article] FEE SET OUT UNDER § 41(5) OF THIS ARTICLE.

11 [(c) The appointment and appointment fee provisions of this section do not apply
 12 to agents who are licensed with an insurer on June 30, 1985.]

13 176.

14 (g) An applicant for any examination specified in this subtitle OR SUBTITLE 12 OF
 15 THIS ARTICLE shall [file the application fee specified in § 41 of this article] PAY THE
 16 FEE REQUIRED UNDER THIS ARTICLE IN THE MANNER SPECIFIED BY THE
 17 COMMISSIONER.

18 177.

19 Individual applicants for certificate of qualification as to kinds of insurance other
 20 than life and health insurance and annuities shall be required to comply with the
 21 requirements of this section, as follows:

22 (2) The Commissioner shall require such applicant to satisfactorily pass a
 23 written examination relating to the specific kind or kinds of insurance or subdivisions of
 24 them for which he desires to receive a certificate for the purpose of determining his
 25 competence with regard thereto. Such examination shall be given by the Commissioner at
 26 least once every 30 days at such times and places as the Commissioner may determine.
 27 [The applicant shall pay to the Commissioner a fee of \$15 for each examination.] An
 28 applicant failing to attain a passing grade after 3 trials shall be required to wait 3 months
 29 from the date of his last previous trial before applying again, and failing to pass after 6
 30 times, shall be required to wait 1 year from the date of his last previous trial before
 31 applying again. Any person who has taken and failed to pass an examination is not
 32 entitled to take any further examination until 14 days after the date of the last
 33 examination which that person failed.

34 181.

35 (d) The fee prescribed in § 41 shall be paid to the Commissioner by the applicant
 36 for such public adjuster's license at the time the application is made, and biennially for
 37 the renewal thereof. If the applicant be a corporation, partnership or association, such fee
 38 shall be paid for each individual specified in the license.

39 (g) The Commissioner shall in order to determine the competency of such
 40 applicant for a license to act as a public adjuster require such applicant to submit to a
 41 written examination [for which a \$15 fee shall be charged].

5

1 182.

2 (f) The Commissioner shall, in order to determine the trustworthiness and
3 competency to act as an insurance adviser of each individual applicant, other than an
4 applicant who is a member in good standing of one of the actuarial organizations or
5 professional societies specified in subsection (d), require every such individual to take
6 and pass, to the satisfaction of the Commissioner, a personal written examination. [An
7 examination fee of \$15 shall be charged.] The Commissioner shall satisfy himself as to
8 the trustworthiness of each individual applicant for such license who shall be a member in
9 good standing of one of the actuarial organizations or professional societies specified in
10 subsection (d). In the case of application for renewal license, such examination shall not
11 be required, unless the Commissioner determines that an examination is advisable in
12 order to determine the trustworthiness or competency of such individual.

13 (g) At the time of application for every such license and for every annual renewal
14 thereof, there shall be paid to the Commissioner by each individual applicant, other than
15 an applicant to whom a license is issued because of his membership, in good standing, of
16 one of the actuarial organizations specified in subsection (d) of this section, the fee
17 prescribed in § 41; provided, however, that if such applicant is a nonresident licensed as
18 an insurance adviser in the state of his residence the fee for such license and renewals
19 thereof shall be the same as the fees payable in the applicant's state of residence, but such
20 licensed adviser shall not advise as to life and health insurance.

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

23 **Article - Insurance**

24 2-104.

25 (J) (1) SUBJECT TO APPROVAL BY THE BOARD OF PUBLIC WORKS UNDER
26 THE STATE FINANCE AND PROCUREMENT ARTICLE, THE COMMISSIONER MAY
27 ENTER INTO CONTRACTS FOR PERFORMANCE OF LICENSING SERVICES UNDER THIS
28 ARTICLE WITH PERSONS THAT ARE NOT GOVERNMENTAL ENTITIES.

29 (2) A CONTRACT AUTHORIZED UNDER THIS SUBSECTION:

30 (I) SHALL SPECIFY THE AMOUNT OF ANY ADMINISTRATIVE
31 CHARGE REQUIRED UNDER THIS SUBSECTION AND THE MANNER IN WHICH THE
32 CHARGE WILL BE COLLECTED;

33 (II) SHALL LIMIT THE ADMINISTRATIVE CHARGE TO THE COST TO
34 THE CONTRACTOR OF PROVIDING THE SERVICE SPECIFIED BY THE CONTRACT; AND

35 (III) MAY REQUIRE THE CONTRACTOR TO COLLECT ANY FEES
36 REQUIRED UNDER THIS ARTICLE AND REMIT THEM TO THE GENERAL FUND OF THE
37 STATE.

38 (3) THE COMMISSIONER MAY REQUIRE AN AMOUNT EQUIVALENT TO
39 THE ADMINISTRATIVE COST OF PROVIDING LICENSING SERVICES TO BE PAID
40 DIRECTLY TO A CONTRACTOR BY ANY PERSON WHO IS AN APPLICANT FOR A
41 CERTIFICATE OF AUTHORITY OR CERTIFICATE OF QUALIFICATION ISSUED BY THE

6

1 COMMISSIONER OR ANY INSURER, HEALTH MAINTENANCE ORGANIZATION,
 2 NONPROFIT HEALTH SERVICE PLAN, FRATERNAL BENEFIT SOCIETY, OR OTHER
 3 ENTITY OPERATING IN THIS STATE UNDER A CERTIFICATE OF AUTHORITY ISSUED
 4 BY THE COMMISSIONER.

5 2-112.

6 (a) Fees for the following certificates, licenses, and services shall be collected in
 7 advance by the Commissioner, and shall be paid by the appropriate persons to the
 8 Commissioner:

9 [(10) fees for filing trade names with the Commissioner:

10 (i) initial filing.....\$25

11 (ii) each amendment.....\$5]

12 [(15) fees for certification by the Commissioner under seal...
 .5\$]

13 10-107.

14 (c) An applicant for an examination specified in this subtitle OR TITLE 10,
 15 SUBTITLE 2 OR SUBTITLE 4 OF THIS ARTICLE shall pay the [application feerequired by
 16 § 2-112 of this article] FEE REQUIRED UNDER THIS ARTICLE IN THE MANNER
 17 SPECIFIED BY THE COMMISSIONER.

18 10-108.

19 [(c) An applicant shall pay to the Commissioner a fee of \$15 for each
 20 examination.]

21 10-118.

22 (a) (1) When an insurer doing business in the State makes or terminates an
 23 appointment, the insurer immediately shall[:

24 (i)] file [with the Commissioner written] notice of the appointment or
 25 termination and the reasons for the termination IN THE MANNER SPECIFIEDBY THE
 26 COMMISSIONER.[]; and

27 (ii)] (2) [pay to the Commissioner] EACH NOTICE OF
 28 APPOINTMENT AND TERMINATION SHALL BE ACCOMPANIED BY the applicable fee
 29 required by § 2-112 of this article.

30 [(2)] (3) A disclosure to the Commissioner relative to the termination and
 31 date and cause of the termination is a privileged communication and maynot be used as
 32 evidence in a court proceeding other than an appeal from an action of the Commissioner.

33 [(3) The appointment and appointment fee provisions of this subsection do
 34 not apply to agents with an appointment from an insurer on June 30, 1985.]

35 10-204.

36 (c) (1) Except as otherwise provided in this subsection, an applicant must pass
 37 a personal written examination given by the Commissioner under this subtitle in order to
 38 determine the trustworthiness and competency of the applicant to act asan adviser.

7

1 (2) (i) The examination requirement of paragraph (1) of this subsection
2 does not apply to an applicant who is a member in good standing of an actuarial
3 organization or professional society listed in subsection (d) of this section.

4 (ii) The Commissioner shall determine the trustworthiness of each
5 applicant for a license who is a member in good standing of an actuarial organization or
6 professional society listed in subsection (d) of this section.

7 [(3) The examination fee is \$15.]

8 10-205.

9 An applicant for a license shall:

10 (1) file with the Commissioner an application on the form that the
11 Commissioner provides; and

12 (2) except for an applicant who is a member in good standing of an actuarial
13 organization listed in § 10-204(d) of this subtitle, pay to the Commissioner:

14 (i) the fee required by § 2-112 of this article, if the applicant is a
15 resident of this State; or

16 (ii) the fee that the state where the applicant resides charges a
17 resident of this State for a license to act as an adviser in that state, if the applicant is not
18 a resident of this State.

19 10-211.

20 (c) Before a license expires, the licensee periodically may renew it for an
21 additional 2-year term, if the licensee:

22 (1) otherwise is entitled to a license;

23 (2) files with the Commissioner a renewal application on the form that the
24 Commissioner provides;

25 (3) except for an applicant who is a member in good standing of an actuarial
26 organization listed in § 10-204(d) of this subtitle, pays to the Commissioner:

27 (i) the renewal fee required by § 2-112 of this article, if the applicant
28 is a resident of this State; or

29 (ii) the same fee that the state where the applicant resides charges a
30 resident of this State for renewal of a license to act as an adviser in that state, if the
31 applicant is not a resident of this State;

32 10-404.

33 (c) (1) Except as otherwise provided in this subsection, an applicant must pass
34 a written examination given by the Commissioner under this subtitle in order to
35 determine the competency of the applicant to act as a public adjuster.

8

1 (2) The examination requirement of paragraph (1) of this subsection does
2 not apply to an individual who was licensed as a public adjuster in the State on June 30,
3 1985.

4 [(3) The examination fee is \$15.]

5 10-405.

6 (a) (1) An applicant for an initial license shall:

7 (i) file with the Commissioner an application on the form that the
8 Commissioner provides; and

9 (ii) pay to the Commissioner the fee required by § 2-112 of this article.

10 (2) If the applicant is a partnership, association, or corporation, the fee shall
11 be paid for each individual specified in the license.

12 SECTION 3. AND BE IT FURTHER ENACTED, That Section(s) 41(11), (12),
13 (13), (14), (16), (17), (18), (19), (20), and (21), respectively, of Article 48A - Insurance
14 Code of the Annotated Code of Maryland be renumbered to be Section(s) 41(10), (11),
15 (12), (13), (14), (15), (16), (17), (18), and (19), respectively.

16 SECTION 4. AND BE IT FURTHER ENACTED, That Section(s) 2-112(a)(11),
17 (12), (13), (14), (16), (17), (18), (19), (20), and (21), respectively, of Article - Insurance of
18 the Annotated Code of Maryland (as enacted by Chapter 36 of the Acts of the General
19 Assembly of 1995) be renumbered to be Section(s) 2-112(a)(10), (11), (12), (13), (14),
20 (15), (16), (17), (18), and (19), respectively.

21 SECTION 5. AND BE IT FURTHER ENACTED, That Sections 1 and 3 of this
22 Act shall take effect January 1, 1997.

23 SECTION 6. AND BE IT FURTHER ENACTED, That Sections 2 and 4 of this
24 Act shall take effect October 1, 1997.