
By: Senator Stoltzfus

Introduced and read first time: February 2, 1996

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Exemption from Regulation - Mennonite Church**

3 FOR the purpose of exempting from the application of the Insurance Codea program of
4 mutual aid practiced by members of the Mennonite Church in accordance with their
5 beliefs, either by individuals, congregations, or special associations; providing for
6 the future codification of certain provisions of this Act; and generally relating to
7 insurance and the Mennonite Church.

8 BY repealing and reenacting, with amendments,
9 Article 48A - Insurance Code
10 Section 9
11 Annotated Code of Maryland
12 (1994 Replacement Volume and 1995 Supplement)

13 BY repealing and reenacting, with amendments,
14 Article - Insurance
15 Section 1-202
16 Annotated Code of Maryland
17 (1995 Volume)
18 (As enacted by Chapter 36 and Chapter 544, Section 2 of the Acts of the General
19 Assembly of 1995)

20 BY repealing and reenacting, with amendments,
21 Article - Insurance
22 Section 1-202
23 Annotated Code of Maryland
24 (1995 Volume)
25 (As enacted by Chapter 36 and Chapter 544, Section 5 of the Acts of the General
26 Assembly of 1995)

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

2

1 **Article 48A - Insurance Code**

2 9.

3 No provision of this article shall apply with respect to:

4 (1) Fraternal benefit societies, except as stated in Subtitle 19 (Fraternal
5 Benefit Societies).

6 (2) Nonprofit health service plans, except as otherwise provided in this
7 article.

8 (3) A voluntary noncontractual religious publication arrangement that:

9 (i) Is a nonprofit religious organization for which the State may not be
10 held in any way liable or responsible for any of its debts, claims, obligations, or liabilities;

11 (ii) Publishes a newsletter whose subscribers are limited to members of
12 the same denomination or religion;

13 (iii) Acts as an organizational clearinghouse for information between
14 subscribers who have medical costs and subscribers who choose to assist with those costs;

15 (iv) Matches subscribers with a willingness to pay and subscribers with
16 present medical costs;

17 (v) Coordinates payments directly from one subscriber to another;

18 (vi) Suggests amounts to give that are voluntary among the subscribers,
19 with no assumption of risk or promise to pay either among the subscribers or between the
20 subscribers and the organization;

21 (vii) Does not use a compensated agent, representative, or other person
22 to solicit or enroll subscribers;

23 (viii) Does not make a direct or indirect representation that it is
24 operating in a financially sound manner or that it has had a successful history of meeting
25 subscribers' medical costs;

26 (ix) Provides to each subscriber a written monthly statement listing
27 both the total dollar amount of qualified medical costs submitted for publication and the
28 amount actually published and assigned for payment;

29 (x) Does not use funds paid by subscribers for medical costs to cover
30 administrative costs;

31 (xi) Submits a registration statement, including a copy of any
32 application forms and guidelines, promotional, or informational material distributed by or
33 on behalf of the arrangement, to the Secretary of State in accordance with the provisions
34 of Title 6, Subtitle 4 of the Business Regulation Article; and

35 (xii) Provides the following verbatim written disclaimer as a separate
36 cover sheet for any and all documents distributed by or on behalf of the exempt
37 arrangement, including applications, guidelines, promotional, or informational material
38 and all periodic publications:

3

1 "Notice

2 This publication is not issued by an insurance company nor is it offered through an
3 insurance company. It does not guarantee or promise that your medical bills will be
4 published or assigned to others for payment. No other subscriber will be compelled to
5 contribute toward the cost of your medical bills. Therefore, this publication should never
6 be considered a substitute for an insurance policy. This activity is not regulated by the
7 State Insurance Administration, and your liabilities are not covered by the Life and
8 Health Guaranty Fund. Whether or not you receive any payments for medical expenses
9 and whether or not this entity continues to operate, you are always liable for any unpaid
10 bills."

11 (4) A PROGRAM OF MUTUAL AID PRACTICED BY MEMBERS OF THE
12 MENNONITE CHURCH IN ACCORDANCE WITH THEIR BELIEFS, EITHER BY
13 INDIVIDUALS, CONGREGATIONS, OR SPECIAL ASSOCIATIONS.

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

16 **Article - Insurance**

17 1-202.

18 This article does not apply to:

19 (1) a fraternal benefit society, except as provided in Title 8, Subtitle 4 of this
20 article;

21 (2) a nonprofit health service plan, except as otherwise provided in this
22 article;

23 (3) an organization that:

24 (i) is organized and operated as a nonprofit organization exclusively
25 for the purpose of helping nonprofit educational or scientific institutions by issuing
26 annuity contracts only to or for the benefit of those institutions or individuals serving
27 those institutions;

28 (ii) irrevocably appoints the Commissioner as attorney to receive
29 service of process issued against it in the State so as to bind the organization and its
30 successors and to remain in effect as long as there is in force in the State a contract or
31 obligation arising from it;

32 (iii) is legally organized and qualified to do business and has been
33 actively doing business under the laws of its state of domicile for at least 10 years before
34 July 1, 1977;

35 (iv) files with the Commissioner a copy of any contract form issued to
36 residents of this State;

37 (v) files with the Commissioner on or before March 1 of each year:

38 1. a copy of its annual statement prepared under the laws of its
39 state of domicile; and

4

1 2. any other financial material that the Commissioner requests;

2 (vi) agrees to submit to periodic examinations as the Commissioner
3 considers necessary; and

4 (vii) pays the premium tax imposed by Title 6 of this article on all
5 premiums allocable to this State for life insurance and health insurance in effect for
6 residents of this State; [or]

7 (4) a voluntary noncontractual religious publication arrangement that:

8 (i) is a nonprofit religious organization for which the State may not be
9 held in any way liable or responsible for any of its debts, claims, obligations, or liabilities;

10 (ii) publishes a newsletter whose subscribers are limited to members of
11 the same denomination or religion;

12 (iii) acts as an organizational clearinghouse for information between
13 subscribers who have medical costs and subscribers who choose to assist with those costs;

14 (iv) matches subscribers with a willingness to pay and subscribers with
15 present medical costs;

16 (v) coordinates payments directly from one subscriber to another;

17 (vi) suggests amounts to give that are voluntary among the subscribers,
18 with no assumption of risk or promise to pay either among the subscribers or between the
19 subscribers and the organization;

20 (vii) does not use a compensated agent, representative, or other person
21 to solicit or enroll subscribers;

22 (viii) does not make a direct or indirect representation that it is
23 operating in a financially sound manner or that it has had a successful history of meeting
24 subscribers' medical costs;

25 (ix) provides to each subscriber a written monthly statement listing
26 both the total dollar amount of qualified medical costs submitted for publication and the
27 amount actually published and assigned for payment;

28 (x) does not use funds paid by subscribers for medical costs to cover
29 administrative costs;

30 (xi) submits a registration statement, including a copy of any
31 application forms and guidelines, promotional, or informational material distributed by or
32 on behalf of the arrangement, to the Secretary of State in accordance with the provisions
33 of Title 6, Subtitle 4 of the Business Regulation Article; and

34 (xii) provides the following verbatim written disclaimer as a separate
35 cover sheet for any and all documents distributed by or on behalf of the exempt
36 arrangement, including applications, guidelines, promotional, or informational material
37 and all periodic publications:

5

1 "Notice

2 This publication is not issued by an insurance company nor is it offered through an
3 insurance company. It does not guarantee or promise that your medical bills will be
4 published or assigned to others for payment. No other subscriber will be compelled to
5 contribute toward the cost of your medical bills. Therefore, this publication should never
6 be considered a substitute for an insurance policy. This activity is not regulated by the
7 State Insurance Administration, and your liabilities are not covered by the Life and
8 Health Guaranty Fund. Whether or not you receive any payments for medical expenses
9 and whether or not this entity continues to operate, you are always liable for any unpaid
10 bills." ; OR

11 (5) A PROGRAM OF MUTUAL AID PRACTICED BY MEMBERS OF THE
12 MENNONITE CHURCH IN ACCORDANCE WITH THEIR BELIEFS, EITHER BY
13 INDIVIDUALS, CONGREGATIONS, OR SPECIAL ASSOCIATIONS.

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

16 **Article - Insurance**

17 1-202.

18 This article does not apply to:

19 (1) a fraternal benefit society, except as provided in Title 8, Subtitle 4 of this
20 article;

21 (2) a nonprofit health service plan, except as otherwise provided in this
22 article; [or]

23 (3) an organization that:

24 (i) is organized and operated as a nonprofit organization exclusively
25 for the purpose of helping nonprofit educational or scientific institutions by issuing
26 annuity contracts only to or for the benefit of those institutions or individuals serving
27 those institutions;

28 (ii) irrevocably appoints the Commissioner as attorney to receive
29 service of process issued against it in the State so as to bind the organization and its
30 successors and to remain in effect as long as there is in force in the State a contract or
31 obligation arising from it;

32 (iii) is legally organized and qualified to do business and has been
33 actively doing business under the laws of its state of domicile for at least 10 years before
34 July 1, 1977;

35 (iv) files with the Commissioner a copy of any contract form issued to
36 residents of this State;

37 (v) files with the Commissioner on or before March 1 of each year:

38 1. a copy of its annual statement prepared under the laws of its
39 state of domicile; and

6

1 2. any other financial material that the Commissioner requests;

2 (vi) agrees to submit to periodic examinations as the Commissioner
3 considers necessary; and

4 (vii) pays the premium tax imposed by Title 6 of this article on all
5 premiums allocable to this State for life insurance and health insurance in effect for
6 residents of this State; OR

7 (4) A PROGRAM OF MUTUAL AID PRACTICED BY MEMBERS OF THE
8 MENNONITE CHURCH IN ACCORDANCE WITH THEIR BELIEFS, EITHER BY
9 INDIVIDUALS, CONGREGATIONS, OR SPECIAL ASSOCIATIONS.

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

12 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act is
13 contingent on the taking effect of the termination provision specified in Section 5 of
14 Chapter 544 of the Acts of the General Assembly of 1995. If that termination provision
15 takes effect, Section 2 of this Act shall be void. This Act may not be interpreted to have
16 any effect on that termination provision.

17 SECTION 6. AND BE IT FURTHER ENACTED, That, subject to the provisions
18 of Section 5 of this Act, Section 3 of this Act shall take effect October 1, 1998.