

BY: Finance Committee

AMENDMENTS TO SENATE BILL NO. 412

(First Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 6, after “fees;” insert “establishing a certain limitation on a certain assessment rate; providing a certain exception;”; and in line 9, after “fees;” insert “altering a certain renewal date; requiring the Insurance Administration to impose the insurance regulation fee in a certain manner; establishing an Advisory Committee on Regulatory Costs and Efficiency; specifying the purpose, membership, and duties of the Advisory Committee; specifying the terms of the initial members of the Advisory Committee; requiring a certain report;”.

AMENDMENT NO. 2

On page 11, in line 28, after “ARTICLE” insert “TO THE EXTENT IT IS ALLOCABLE TO THIS STATE AND WRITTEN DURING THE PRECEDING CALENDAR YEAR”; strike beginning with “ON” in line 30 down through “BASIS” in line 31; in line 32, strike “§§ 19-701(D)(2) AND 19-706(E)” and substitute “TITLE 19, SUBTITLE 7”; and in the same line, after “ARTICLE” insert “TO THE EXTENT IT IS ALLOCABLE TO THIS STATE AND WRITTEN DURING THE PRECEDING CALENDAR YEAR”.

AMENDMENT NO. 3

On page 12, in line 24, after “SUBPARAGRAPH (II)” insert “OR SUBPARAGRAPH (III)”; in line 26, strike “FRATERNAL BENEFIT SOCIETIES AND”; and after line 28, insert:

“(III) FOR FRATERNAL BENEFIT SOCIETIES, THE MINIMUM INSURANCE REGULATION FEE SHALL BE \$500.”.

AMENDMENT NO. 4

On page 12, in line 29, after “DETERMINING” insert “ADJUSTED”; in line 37, after “(D)” insert “(1)”; in line 38, after “COST” insert “, MINUS THE SUM OF ALL REVENUE PROJECTED TO BE COLLECTED BY THE COMMISSIONER UNDER § 41D(A)(2) OF THIS”.

(Over)

SUBTITLE AND ANY FUND BALANCE CARRIED FORWARD FROM THE PREVIOUS FISCAL YEAR.”; in the same line, after “OF” insert “ADJUSTED”; and after line 39, insert:

“(2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE BASE ASSESSMENT RATE FOR THE INSURANCE REGULATION FEE MAY NOT EXCEED 0.0015 OF THE TOTAL AMOUNT OF ADJUSTED NEW AND RENEWAL GROSS DIRECT PREMIUMS WRITTEN IN THE STATE BY ALL INSURERS.

(3) THE BASE ASSESSMENT RATE FOR THE INSURANCE REGULATION FEE IMPOSED ON THE MARYLAND AUTOMOBILE INSURANCE FUND MAY NOT EXCEED 0.00035 OF THE TOTAL AMOUNT OF ADJUSTED NEW AND RENEWAL GROSS DIRECT PREMIUMS WRITTEN BY THE FUND.”.

AMENDMENT NO. 5

On page 13, strike in their entirety lines 8 through 10, inclusive, and substitute:

“(2) ALL REVENUE FROM THE IMPOSITION OF:

(I) FEES LISTED UNDER § 41 OF THIS SUBTITLE; AND

(II) ALL OTHER FEES CHARGED AGAINST ENTITIES OTHER THAN INSURERS UNDER THIS ARTICLE, ARTICLE 48B, AND THE HEALTH - GENERAL ARTICLE; AND”;

in line 21, after “APPROPRIATION” insert “AGAINST THE INSURANCE REGULATION FUND”; in line 25, after “(3)” insert “(I)”; in the same line, after “GIVEN” insert “FISCAL”; in line 26, strike “REGULATION FEE” and substitute “REVENUE”; in the same line, after “COMMISSIONER” insert “UNDER THIS SUBTITLE”; in line 29, after “FORWARD” insert “WITHIN THE FUND”; and after line 31, insert:

“(II) IN ANY GIVEN FISCAL YEAR, IF THE AMOUNT OF THE REVENUE COLLECTED BY THE COMMISSIONER UNDER THIS SUBTITLE AND DEPOSITED INTO THE FUND IS INSUFFICIENT TO COVER THE EXPENDITURES OF THE ADMINISTRATION BECAUSE OF AN UNFORESEEN EMERGENCY AND EXPENDITURES ARE MADE PURSUANT TO THE BUDGET AMENDMENT PROCEDURE PROVIDED FOR IN § 7-209 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, ANY ADDITIONAL ASSESSMENT FOR THE EXPENDITURES:

1. SHALL BE MADE IN THE FOLLOWING FISCAL YEAR; AND

2. WHEN ADDED TO THE REGULAR ASSESSMENT FOR THE FOLLOWING FISCAL YEAR, MAY NOT EXCEED THE MAXIMUM PERCENTAGE FOR THE INSURANCE REGULATION FEE UNDER § 41C OF THIS SUBTITLE.”.

AMENDMENT NO. 6

On page 29, in line 20, strike “November 30” and substitute “JULY 31”.

AMENDMENT NO. 7

On page 1, in line 27, strike “and” and substitute a comma; and after “41F” insert “, and 41H”.

On pages 11 through 29, strike “41G” and substitute “41H” in each of the following instances:

- on page 11, in line 8;
- on page 14, in line 36;
- on page 23, in lines 3 and 30;
- on page 26, in line 33;
- on page 27, in lines 4 and 14; and
- on page 29, in line 22.

On page 15, after line 12, insert:

“41H.

(A) THERE IS AN ADVISORY COMMITTEE ON REGULATORY COSTS AND EFFICIENCY.

(B) THE PURPOSE OF THE ADVISORY COMMITTEE SHALL BE TO:

(1) MONITOR THE COST INCURRED BY THE ADMINISTRATION TO

(Over)

REGULATE THE INSURANCE BUSINESS;

(2) MONITOR THE ECONOMIC BURDEN ON INSURERS AND INSURANCE PROFESSIONALS IN THIS STATE ASSOCIATED WITH THE COST OF REGULATING THE INSURANCE BUSINESS;

(3) ADVISE THE COMMISSIONER AND THE GOVERNOR ON METHODS TO MAXIMIZE THE EFFICIENCY OF THE ADMINISTRATION AND WAYS OF REDUCING THE OVERALL COST OF ENGAGING IN THE INSURANCE BUSINESS IN THIS STATE;

(4) REVIEW THE BUDGET AND ANY BUDGET AMENDMENT PRIOR TO ITS SUBMISSION BY THE COMMISSIONER TO THE GOVERNOR; AND

(5) REVIEW, AT ITS DISCRETION, THE INDEPENDENT AUDIT OF THE ADMINISTRATION AND THE FUND CONDUCTED ON BEHALF OF THE STATE BY THE DEPARTMENT OF FISCAL SERVICES.

(C) THE ADVISORY COMMITTEE SHALL BE COMPOSED OF THE FOLLOWING 11 MEMBERS:

(1) ONE REPRESENTATIVE OF LIFE AND HEALTH INSURERS;

(2) ONE REPRESENTATIVE OF PROPERTY AND CASUALTY INSURERS;

(3) ONE REPRESENTATIVE OF HEALTH MAINTENANCE ORGANIZATIONS;

(4) ONE REPRESENTATIVE OF NONPROFIT HEALTH SERVICE PLANS;

(5) ONE REPRESENTATIVE OF DOMESTIC MUTUAL INSURERS;

(6) ONE REPRESENTATIVE OF DOMESTIC STOCK INSURERS;

(7) ONE REPRESENTATIVE OF INSURANCE PROFESSIONALS; AND

(8) FOUR REPRESENTATIVES OF THE GENERAL PUBLIC.

(D) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE MEMBERS OF THE ADVISORY COMMITTEE SHALL BE APPOINTED BY THE GOVERNOR, IN CONSULTATION WITH THE COMMISSIONER AND THE INDUSTRY.

(2) FROM THE MEMBERS OF THE ADVISORY COMMITTEE LISTED UNDER SUBSECTION (C)(1) THROUGH (4) OF THIS SECTION, AT LEAST TWO SHALL REPRESENT A COMPANY INCORPORATED IN THIS STATE.

(3) THE MEMBER OF THE ADVISORY COMMITTEE THAT REPRESENTS INSURANCE PROFESSIONALS SHALL BE A RESIDENT OF THIS STATE.

(E) A MEMBER OF THE ADVISORY COMMITTEE THAT REPRESENTS THE GENERAL PUBLIC MAY NOT:

(1) BE SUBJECT TO REGULATION BY THE COMMISSIONER;

(2) BE EMPLOYED BY, HAVE A FINANCIAL INTEREST IN, OR RECEIVE COMPENSATION FROM ANY PERSON OR ENTITY REGULATED BY THE COMMISSIONER; OR

(3) BE EMPLOYED BY ANY UNIT OF THE EXECUTIVE OR LEGISLATIVE BRANCHES OF STATE GOVERNMENT.

(F) THE GOVERNOR, IN CONSULTATION WITH THE COMMISSIONER AND THE INDUSTRY, SHALL APPOINT THE CHAIRMAN OF THE ADVISORY COMMITTEE.

(G) (1) THE TERM OF A MEMBER OF THE ADVISORY COMMITTEE IS 3 YEARS.

(2) THE TERMS OF THE MEMBERS SHALL BE STAGGERED AS REQUIRED BY THE TERMS OF THE INITIAL APPOINTMENT OF THE MEMBERS TO THE ADVISORY COMMITTEE.

(Over)

(3) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

(4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN SERVES ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

(5) A MEMBER MAY NOT SERVE FOR MORE THAN 3 FULL TERMS.

(H) A MEMBER OF THE ADVISORY COMMITTEE MAY NOT RECEIVE COMPENSATION BUT IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.

(I) THE ADMINISTRATION SHALL PROVIDE STAFFING SERVICES FOR THE ADVISORY COMMITTEE.”;

and in lines 13 and 17, strike “41H.” and “41-I.”, respectively, and substitute “41-I.” and “41J.”, respectively.

On page 54, after line 5, insert:

“SECTION 4. AND BE IT FURTHER ENACTED, That the terms of the initial members appointed to the Advisory Committee on Regulatory Costs and Efficiency shall be as follows:

(1) Three members shall be appointed for a term of 1 year;

(2) Four members shall be appointed for a term of 2 years; and

(3) Four members shall be appointed for a term of 3 years.”.

AMENDMENT NO. 8

On page 54, before line 6, insert:

“SECTION 5. AND BE IT FURTHER ENACTED, That the annual insurance regulation fee

provided for in Article 48A, §§ 41B and 41C of the Code, as enacted by Section 1 of this Act and as recodified and reenacted in Section 2 of this Act as §§ 2-502 and 2-503 of the Insurance Article, shall be phased in over a period of 3 years according to a method adopted by the Maryland Insurance Administration. The Administration shall report to the Senate Finance Committee and House Economic Matters Committee on the method adopted no later than June 1, 1997.”;

in lines 6, 8, and 10, strike “4.”, “5.”, and “6.”, respectively, and substitute “6.”, “7.”, and “8.”, respectively; and in line 6, strike “Section 1” and substitute “Sections 1, 4, and 5”.

AMENDMENT NO. 9

On page 3, in line 16, strike “2-506” and substitute “2-507”.

On page 4, after line 21, insert:

“BY repealing and reenacting, with amendments,

Article - Insurance

Section 6-303(a)

Annotated Code of Maryland

(1995 Volume and 1996 Supplement)

(As enacted by Chapter 36 of the Acts of the General Assembly of 1995 and as enacted by Chapter ____ (H.B. 387) of the Acts of the General Assembly of 1997)”.

On page 10 in line 30, on page 33 in line 27, and on page 53 in line 15, in each instance, strike “\$ 45.00” and substitute “\$ 35.00”.

On page 14, strike in their entirety lines 11 and 12, inclusive.

On page 37, in line 25, after “ARTICLE” insert “TO THE EXTENT IT IS ALLOCABLE TO THIS STATE AND WRITTEN DURING THE PRECEDING CALENDAR YEAR”; strike beginning with “ON” in line 27 down through “BASIS” in line 28; in line 29, strike “§§ 19-701(D)(2) AND 19-706(E)” and substitute “TITLE 19, SUBTITLE 7”; and in the same line, after “ARTICLE” insert “TO THE EXTENT IT IS ALLOCABLE TO THIS STATE AND WRITTEN DURING THE PRECEDING CALENDAR YEAR”.

(Over)

On page 38, in line 22, after “SUBPARAGRAPH (II)” insert “OR SUBPARAGRAPH (III)”; in line 24, strike “FRATERNAL BENEFIT SOCIETIES AND”; after line 26, insert:

“(III) FOR FRATERNAL BENEFIT SOCIETIES, THE MINIMUM INSURANCE REGULATION FEE SHALL BE \$500.”;

in line 27, after “DETERMINING” insert “ADJUSTED”; in line 35, after “(D)” insert “(1)”; in line 36, after “COST” insert “, MINUS THE SUM OF ALL REVENUE PROJECTED TO BE COLLECTED BY THE COMMISSIONER UNDER § 2-504(A)(2) OF THIS SUBTITLE AND ANY FUND BALANCE CARRIED FORWARD FROM THE PREVIOUS FISCAL YEAR,”; in the same line, after “OF” insert “ADJUSTED”; and after line 37, insert:

“(2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE BASE ASSESSMENT RATE FOR THE INSURANCE REGULATION FEE MAY NOT EXCEED 0.0015 OF THE TOTAL AMOUNT OF ADJUSTED NEW AND RENEWAL GROSS DIRECT PREMIUMS WRITTEN IN THE STATE BY ALL INSURERS.

(3) THE BASE ASSESSMENT RATE FOR THE INSURANCE REGULATION FEE IMPOSED ON THE MARYLAND AUTOMOBILE INSURANCE FUND MAY NOT EXCEED 0.00035 OF THE TOTAL AMOUNT OF ADJUSTED NEW AND RENEWAL GROSS DIRECT PREMIUMS WRITTEN BY THE FUND.”.

On page 39, strike in their entirety lines 5 through 7, inclusive, and substitute:

“(2) ALL REVENUE FROM THE IMPOSITION OF:

(I) FEES LISTED UNDER § 2-112 OF THIS TITLE; AND

(II) ALL OTHER FEES CHARGED AGAINST ENTITIES OTHER THAN INSURERS UNDER THIS ARTICLE AND THE HEALTH - GENERAL ARTICLE; AND”;

in line 18, after “APPROPRIATION” insert “AGAINST THE INSURANCE REGULATION FUND”; in line 22, after “(3)” insert “(I)”; in the same line, after “GIVEN” insert “FISCAL”; in line

23, strike “REGULATION FEE” and substitute “REVENUE”; in the same line, after “COMMISSIONER” insert “UNDER THIS SUBTITLE”; in line 25, after “FORWARD” insert “WITHIN THE FUND”; and after line 27, insert:

“(II) IN ANY GIVEN FISCAL YEAR, IF THE AMOUNT OF THE REVENUE COLLECTED BY THE COMMISSIONER UNDER THIS SUBTITLE AND DEPOSITED INTO THE FUND IS INSUFFICIENT TO COVER THE EXPENDITURES OF THE ADMINISTRATION BECAUSE OF AN UNFORESEEN EMERGENCY AND EXPENDITURES ARE MADE PURSUANT TO THE BUDGET AMENDMENT PROCEDURE PROVIDED FOR IN § 7-209 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, ANY ADDITIONAL ASSESSMENT FOR THE EXPENDITURES:

1. SHALL BE MADE IN THE FOLLOWING FISCAL YEAR; AND

2. WHEN ADDED TO THE REGULAR ASSESSMENT FOR THE FOLLOWING FISCAL YEAR, MAY NOT EXCEED THE MAXIMUM PERCENTAGE FOR THE INSURANCE REGULATION FEE UNDER § 2-503 OF THIS SUBTITLE.”.

On page 40, strike in their entirety lines 8 and 9, inclusive; after line 30, insert:

“2-506.

(A) THERE IS AN ADVISORY COMMITTEE ON REGULATORY COSTS AND EFFICIENCY.

(B) THE PURPOSE OF THE ADVISORY COMMITTEE SHALL BE TO:

(1) MONITOR THE COST INCURRED BY THE ADMINISTRATION TO REGULATE THE INSURANCE BUSINESS;

(2) MONITOR THE ECONOMIC BURDEN ON INSURERS AND INSURANCE PROFESSIONALS IN THIS STATE ASSOCIATED WITH THE COST OF REGULATING THE INSURANCE BUSINESS;

(Over)

(3) ADVISE THE COMMISSIONER AND THE GOVERNOR ON METHODS TO MAXIMIZE THE EFFICIENCY OF THE ADMINISTRATION AND WAYS OF REDUCING THE OVERALL COST OF ENGAGING IN THE INSURANCE BUSINESS IN THIS STATE;

(4) REVIEW THE BUDGET AND ANY BUDGET AMENDMENT PRIOR TO ITS SUBMISSION BY THE COMMISSIONER TO THE GOVERNOR; AND

(5) REVIEW, AT ITS DISCRETION, THE INDEPENDENT AUDIT OF THE ADMINISTRATION AND THE FUND CONDUCTED ON BEHALF OF THE STATE BY THE DEPARTMENT OF FISCAL SERVICES.

(C) THE ADVISORY COMMITTEE SHALL BE COMPOSED OF THE FOLLOWING 11 MEMBERS:

(1) ONE REPRESENTATIVE OF LIFE AND HEALTH INSURERS;

(2) ONE REPRESENTATIVE OF PROPERTY AND CASUALTY INSURERS;

(3) ONE REPRESENTATIVE OF HEALTH MAINTENANCE ORGANIZATIONS;

(4) ONE REPRESENTATIVE OF NONPROFIT HEALTH SERVICE PLANS;

(5) ONE REPRESENTATIVE OF DOMESTIC MUTUAL INSURERS;

(6) ONE REPRESENTATIVE OF DOMESTIC STOCK INSURERS;

(7) ONE REPRESENTATIVE OF INSURANCE PROFESSIONALS; AND

(8) FOUR REPRESENTATIVES OF THE GENERAL PUBLIC.

(D) (1) SUBJECT TO THE PROVISIONS OF PARAGRAPHS (2) AND (3) OF THIS SUBSECTION, THE MEMBERS OF THE ADVISORY COMMITTEE SHALL BE APPOINTED BY THE GOVERNOR, IN CONSULTATION WITH THE COMMISSIONER AND THE INDUSTRY.

(2) FROM THE MEMBERS OF THE ADVISORY COMMITTEE LISTED UNDER SUBSECTION (C)(1) THROUGH (4) OF THIS SECTION, AT LEAST TWO SHALL REPRESENT A COMPANY INCORPORATED IN THIS STATE.

(3) THE MEMBER OF THE ADVISORY COMMITTEE THAT REPRESENTS INSURANCE PROFESSIONALS SHALL BE A RESIDENT OF THIS STATE.

(E) A MEMBER OF THE ADVISORY COMMITTEE THAT REPRESENTS THE GENERAL PUBLIC MAY NOT:

(1) BE SUBJECT TO REGULATION BY THE COMMISSIONER;

(2) BE EMPLOYED BY THE, HAVE A FINANCIAL INTEREST IN, OR RECEIVE COMPENSATION FROM ANY PERSON OR ENTITY REGULATED BY THE COMMISSIONER; OR

(3) BE EMPLOYED BY ANY UNIT OF THE EXECUTIVE OR LEGISLATIVE BRANCHES OF STATE GOVERNMENT.

(F) THE GOVERNOR, IN CONSULTATION WITH THE COMMISSIONER AND THE INDUSTRY, SHALL APPOINT THE CHAIRMAN OF THE ADVISORY COMMITTEE.

(G) (1) THE TERM OF A MEMBER OF THE ADVISORY COMMITTEE IS 3 YEARS.

(2) THE TERMS OF THE MEMBERS SHALL BE STAGGERED AS REQUIRED BY THE TERMS OF THE INITIAL APPOINTMENT OF THE MEMBERS TO THE ADVISORY COMMITTEE.

(3) AT THE END OF A TERM, A MEMBER CONTINUES TO SERVE UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

(4) A MEMBER WHO IS APPOINTED AFTER A TERM HAS BEGUN SERVES

ONLY FOR THE REST OF THE TERM AND UNTIL A SUCCESSOR IS APPOINTED AND QUALIFIES.

(5) A MEMBER MAY NOT SERVE FOR MORE THAN 3 FULL TERMS.

(H) A MEMBER OF THE ADVISORY COMMITTEE MAY NOT RECEIVE COMPENSATION BUT IS ENTITLED TO REIMBURSEMENT FOR EXPENSES UNDER THE STANDARD STATE TRAVEL REGULATIONS, AS PROVIDED IN THE STATE BUDGET.

(I) THE ADMINISTRATION SHALL PROVIDE STAFFING SERVICES FOR THE ADVISORY COMMITTEE.”;

and in line 31, strike “2-506.” and substitute “2-507.”.

On page 42, after line 35, insert:

“6-303.

(a) When by or pursuant to the laws of any other state or foreign country any taxes, licenses and other fees OTHER THAN FEES SIMILAR TO THE INSURANCE REGULATION FEE, in the aggregate, and any fines, penalties, deposit requirements or other material obligations, prohibitions or restrictions are or would be imposed upon Maryland insurers, or upon the agents or representatives of such insurers, which are in excess of such taxes, licenses and other fees, in the aggregate, or which are in excess of the fines, penalties, deposit requirements or other obligations, prohibitions, or restrictions directly imposed upon similar insurers, or upon the agents or representatives of such insurers, of such other state or country under the statutes of this State, so long as such laws of such other state or country continue in force or are so applied, the same taxes, licenses and other fees, in the aggregate, or fines, penalties or deposit requirements or other material obligations, prohibitions, or restrictions of whatever kind shall be imposed by the Commissioner upon the insurers, or upon the agents or representatives of such insurers, of such other state or country doing business or seeking to do business in Maryland.”.