

BY: Finance Committee

AMENDMENTS TO HOUSE BILL NO. 688
(Third Reading File Bill)

AMENDMENT NO. 1

On page 1, in line 2, strike “Mechanism”; and strike beginning with “establishing” in line 3 down through “State.” in line 14 and substitute “repealing certain fees; establishing a certain assessment rate to be applied on certain premiums written by certain insurers; establishing an Advisory Committee to Study Funding Mechanisms for the Maryland Insurance Administration; specifying the purpose and membership of the Advisory Committee; requiring the Advisory Committee to submit a certain report; and generally relating to repealing certain fees and establishing a certain assessment rate to be applied on certain premiums written by certain insurers for the purpose of providing certain funding.”.

On pages 1 through 6, strike in their entirety the lines beginning with line 15 on page 1 through line 19 on page 6, inclusive, and substitute:

“BY renumbering

Article 48A - Insurance Code
Section 41A through 41C, respectively
to be Section 41B through 41D, respectively
Annotated Code of Maryland
(1994 Replacement Volume and 1996 Supplement)

BY repealing and reenacting, with amendments,

Article 48A - Insurance Code
Section 41
Annotated Code of Maryland
(1994 Replacement Volume and 1996 Supplement)

BY adding to

(Over)

Article 48A - Insurance Code
Section 41A
Annotated Code of Maryland
(1994 Replacement Volume and 1996 Supplement)

BY repealing and reenacting, with amendments,

Article - Insurance
Section 2-112
Annotated Code of Maryland
(1995 Volume and 1996 Supplement)
(As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

BY adding to

Article - Insurance
Section 2-112.1
Annotated Code of Maryland
(1995 Volume and 1996 Supplement)
(As enacted by Chapter 36 of the Acts of the General Assembly of 1995)".

AMENDMENT NO. 2

On pages 6 through 8, strike in their entirety the lines beginning with line 20 on page 6 through line 17 on page 8, inclusive, and substitute:

“SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND, That Section(s) 41A through 41C, respectively, of the Article 48A - Insurance Code of the Annotated Code of Maryland be renumbered to be Section(s) 41B through 41D, respectively.

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

Article 48A - Insurance Code”.

On page 8 in line 18, and on page 10 in line 31, in each instance, strike the bracket.

On page 10, strike in their entirety lines 11 through 21, inclusive; in lines 22, 25, 28, 30, and 31, strike “(14)”, “(15)”, “(16)”, “(17)”, and “(18)”, respectively, and substitute “(10)”, “(11)”, “(12)”, “(13)”, and “(14)”, respectively; and after line 31, insert:

“41A.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) (I) “INSURER” MEANS AN INSURER OR OTHER ENTITY AUTHORIZED TO ENGAGE IN BUSINESS IN THE STATE UNDER A CERTIFICATE OF AUTHORITY OR LICENSE ISSUED BY THE COMMISSIONER.

(II) “INSURER” INCLUDES:

1. A HEALTH MAINTENANCE ORGANIZATION OPERATING UNDER A CERTIFICATE OF AUTHORITY ISSUED BY THE COMMISSIONER UNDER TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE;

2. A NONPROFIT HEALTH SERVICE PLAN OPERATING UNDER SUBTITLE 20 OF THIS ARTICLE;

3. A DENTAL PLAN REGULATED UNDER SUBTITLE 42 OF THIS ARTICLE; AND

4. A FRATERNAL BENEFIT SOCIETY REGULATED UNDER SUBTITLE 19 OF THIS ARTICLE.

(3) (I) “PREMIUMS” HAS THE MEANING STATED IN § 631 OF THIS ARTICLE TO THE EXTENT IT IS ALLOCABLE TO THIS STATE.

(II) “PREMIUMS” INCLUDES ANY AMOUNTS PAID TO A HEALTH MAINTENANCE ORGANIZATION AS COMPENSATION FOR PROVIDING TO MEMBERS THE SERVICES SPECIFIED UNDER TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE TO THE EXTENT IT IS ALLOCABLE TO THIS STATE.

(Over)

(B) IN ADDITION TO THE FEES COLLECTED UNDER § 41 OF THIS ARTICLE, THE COMMISSIONER SHALL COLLECT IN ADVANCE A FEE FROM EACH INSURER THAT IS THE PRODUCT OF THE TOTAL VALUATION FEES COLLECTED UNDER § 41(10), (11), (12), AND (13) OF THIS ARTICLE FOR FISCAL YEAR 1997 MULTIPLIED BY THE RATE DETERMINED UNDER SUBSECTION (C) OF THIS SECTION.

(C) THE RATE SHALL EQUAL THE FRACTION OBTAINED BY DIVIDING THE GROSS DIRECT PREMIUM WRITTEN BY THE INSURER IN CALENDAR YEAR 1996 BY THE TOTAL AMOUNT OF GROSS DIRECT PREMIUMS WRITTEN IN THIS STATE BY ALL INSURERS IN CALENDAR YEAR 1996.”.

On pages 10 through 31, strike in their entirety the lines beginning with line 32 on page 10 through line 4 on page 31, inclusive.

AMENDMENT NO. 3

On page 31, in line 5, strike “2.” and substitute “3.”; strike in their entirety lines 8 through 31, inclusive; and in line 32, strike the bracket.

On pages 33 and 34, strike in their entirety the lines beginning with line 30 on page 33 through line 10 on page 34, inclusive.

On page 34, in lines 11, 14, and 17, strike “(14)”, “(15)”, and “(16)”, respectively, and substitute “(10)”, “(11)”, and “(12)”, respectively; in line 20, strike “(a)(16)” and substitute “(A)(12)”; in line 21, strike the bracket; and after line 21, insert:

“2-112.1.

(A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

(2) (I) “INSURER” MEANS AN INSURER OR OTHER ENTITY AUTHORIZED TO ENGAGE IN BUSINESS IN THE STATE UNDER A CERTIFICATE OF AUTHORITY OR LICENSE ISSUED BY THE COMMISSIONER.

(II) "INSURER" INCLUDES:

1. A HEALTH MAINTENANCE ORGANIZATION OPERATING UNDER A CERTIFICATE OF AUTHORITY ISSUED BY THE COMMISSIONER UNDER TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE;

2. A NONPROFIT HEALTH SERVICE PLAN OPERATING UNDER TITLE 14, SUBTITLE 1 OF THIS ARTICLE;

3. A DENTAL PLAN REGULATED UNDER TITLE 14, SUBTITLE 4 OF THIS ARTICLE; AND

4. A FRATERNAL BENEFIT SOCIETY REGULATED UNDER TITLE 8, SUBTITLE 4 OF THIS ARTICLE.

(3) (I) "PREMIUMS" HAS THE MEANING STATED § 1-101 OF THIS ARTICLE TO THE EXTENT IT IS ALLOCABLE TO THIS STATE.

(II) "PREMIUMS" INCLUDES ANY AMOUNTS PAID TO A HEALTH MAINTENANCE ORGANIZATION AS COMPENSATION FOR PROVIDING TO MEMBERS THE SERVICES SPECIFIED UNDER TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE TO THE EXTENT IT IS ALLOCABLE TO THIS STATE.

(B) IN ADDITION TO THE FEES COLLECTED UNDER § 2-112 OF THIS SUBTITLE, THE COMMISSIONER SHALL COLLECT IN ADVANCE A FEE FROM EACH INSURER THAT IS THE PRODUCT OF THE TOTAL VALUATION FEES COLLECTED UNDER § 2-112 (11), (12), AND (13) OF THIS SUBTITLE FOR FISCAL YEAR 1997 MULTIPLIED BY THE RATE DETERMINED UNDER SUBSECTION (C) OF THIS SECTION.

(C) THE RATE SHALL EQUAL THE FRACTION OBTAINED BY DIVIDING THE GROSS DIRECT PREMIUM WRITTEN BY THE INSURER IN CALENDAR YEAR 1996 BY THE TOTAL AMOUNT OF GROSS DIRECT PREMIUMS WRITTEN IN THIS STATE BY ALL INSURERS IN CALENDAR YEAR 1996."

AMENDMENT NO. 4

On pages 34 through 56, strike in their entirety the lines beginning with line 22 on page 34 through line 26 on page 56, inclusive, and substitute:

“SECTION 4. AND BE IT FURTHER ENACTED, That:

(a) There is an Advisory Committee to Study Funding Mechanisms for the Maryland Insurance Administration.

(b) The Advisory Committee shall:

(1) examine alternative mechanisms for funding the Maryland Insurance Administration;

(2) develop a proposal which:

(i) apportions the cost of regulation fairly and equitably among the regulated entities;

(ii) takes into account the economic impact of the mechanism;

(iii) reduces the current cost of imposing and collecting fees; and

(iv) takes into account possible retaliatory actions by other states.

(c) The Advisory Committee shall be composed of the following 13 members:

(1) two members of the Senate Finance Committee;

(2) two members of the House Economic Matters Committee;

(3) the Insurance Commissioner;

(4) one representative of life and health insurers;

(5) one representative of property and casualty insurers;

(6) one representative of health maintenance organizations;

(7) one representative of nonprofit health service plans;

(8) one representative of domestic mutual insurers;

(9) one representative of domestic stock insurers;

(10) one representative of insurance professionals; and

(11) one member of the general public.

(d) The Insurance Commissioner shall serve as Chairman of the Advisory Committee.

(e) 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.

(f) The Insurance Administration shall provide staffing services for the Advisory Committee.

(g) On or before November 1, 1997, the Advisory Committee shall submit a report to the Governor and, subject to § 2-1312 of the State Government Article, to the General Assembly on the results of its study, including any legislative proposals and recommendations.”.

On page 56, in lines 27, 29, and 31, strike “4.”, “5.”, and “6.”, respectively, and substitute “5.”, “6.”, and “7.”, respectively; in line 27, strike “Section 1 of” and substitute “except as provided in Sections 6 and 7 of this Act,”; in line 28, strike “June” and substitute “July”; in line 29, strike “Section 2” and substitute “Section 3”; in line 30, after “1997.” insert “Section 3 of this Act shall remain effective for 9 months and, at the end of June 30, 1998, with no further action required by the”

(Over)

General Assembly, Section 3 of this Act shall be abrogated and of no further force and effect.”; in line 31, strike “Section 3” and substitute “Section 4”; in line 32, strike “January 1, 2002.” and substitute “June 1, 1997. Section 4 of this Act shall remain effective for a period of 1 year and, at the end of May 31, 1998, with no further action required by the General Assembly, Section 4 of this Act shall be abrogated and of no further force and effect.”.