

(PRE-FILED)

By: Delegates Taylor, Busch, Dewberry, Hurson, Arnick, Curran, Harrison, Hixson, Kopp, Menes, Owings, Rawlings, and Vallario

Requested: July 10, 1996

Introduced and read first time: January 8, 1997

Assigned to: Economic Matters

Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 4, 1997

CHAPTER ____

1 AN ACT concerning

2 **Insurance Commissioner - Term of Office - Reasons for Removal**

3 FOR the purpose of establishing a term of office for the Insurance Commissioner;
 4 delineating the reasons for removal of the Insurance Commissioner by the
 5 Governor; providing for the effective date and the applicability of this Act; and
 6 providing for future codification of certain provisions of this Act.

7 ~~BY repealing and reenacting, with amendments,~~
 8 ~~Article 48A - Insurance Code~~
 9 ~~Section 15~~
 10 ~~Annotated Code of Maryland~~
 11 ~~(1994 Replacement Volume and 1996 Supplement)~~

12 BY repealing and reenacting, with amendments,
 13 Article - Insurance
 14 Section 2-103
 15 Annotated Code of Maryland
 16 (1995 Volume and 1996 Supplement)
 17 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

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

2

1 **Article 48A – Insurance Code**

2 ~~15.~~

3 (a) ~~The Commissioner shall:~~

4 (1) ~~Be appointed by the Governor with the advice and consent of the~~
5 ~~Senate;~~

6 (2) ~~Serve [at the pleasure of the Governor] FOR A TERM OF 4 YEARS;~~

7 (3) ~~Be directly responsible to the Governor; and~~

8 (4) ~~Counsel and advise the Governor on all matters assigned to the~~
9 ~~Maryland Insurance Administration.~~

10 (B) ~~THE COMMISSIONER MAY BE REMOVED BY THE GOVERNOR FOR:~~

11 (1) ~~MALFEASANCE;~~

12 (2) ~~INCOMPETENCE; OR~~

13 (3) ~~FAILURE TO CARRY OUT THE DUTIES OF OFFICE IN A MANNER~~
14 ~~CONSISTENT WITH THE REGULATORY PURPOSE AND REQUIREMENTS OF THIS~~
15 ~~ARTICLE.~~

16 (b) ~~(C) The Commissioner shall devote full time to the duties of office.~~

17 (c) ~~(D) The Commissioner shall be unclassified and entitled to compensation~~
18 ~~under the executive compensation plan in accordance with the State budget.~~

19 (d) ~~(E) The Commissioner shall be covered by a surety bond in the form and~~
20 ~~amount required by law.~~

21 **SECTION 2. AND BE IT FURTHER ENACTED THAT, The Laws of Maryland**
22 **read as follows:**

23 **Article - Insurance**

24 2-103.

25 (a) (1) The Governor shall appoint the Commissioner with the advice and
26 consent of the Senate.

27 (2) The Commissioner [serves at the pleasure of the Governor] SHALL
28 SERVE FOR A TERM OF 4 YEARS AND 1 DAY.

29 (3) The Commissioner is directly responsible to the Governor.

30 (4) The Commissioner shall counsel and advise the Governor on all matters
31 assigned to the Administration.

32 (5) THE COMMISSIONER MAY BE REMOVED BY THE GOVERNOR FOR:

33 (I) MALFEASANCE;

34 (II) INCOMPETENCE; OR

3

1 (III) FAILURE TO CARRY OUT THE DUTIES OF OFFICE IN A MANNER
2 CONSISTENT WITH THE REGULATORY PURPOSE AND REQUIREMENTS OF THIS
3 ARTICLE.

4 (b) (1) The Commissioner is responsible for the operation of the
5 Administration.

6 (2) The Commissioner shall:

7 (i) exercise the powers and perform the duties of the Administration
8 under this article;

9 (ii) organize the Administration to function efficiently and to serve the
10 public; and

11 (iii) establish, in the Administration, the units necessary for the
12 exercise of the powers and performance of the duties of the Administration.

13 (c) The Commissioner shall devote full time to the duties of office.

14 (d) The Commissioner is in the unclassified service of the State Personnel
15 Management System and is entitled to compensation under the Executive Pay Plan in
16 accordance with the State budget.

17 (e) The Commissioner shall be covered by a surety bond in the form and amount
18 required by law.

19 (f) (1) The Commissioner shall have a seal of office in the form approved by the
20 Governor.

21 (2) The impression and description of the seal shall be filed with the
22 Secretary of State.

23 SECTION 3. AND BE IT FURTHER ENACTED, That Section 1 of this Act
24 shall take effect June 1, 1997 and shall be applicable to any Insurance Commissioner
25 appointed before that date to succeed the first Insurance Commissioner of the Maryland
26 Insurance Administration, notwithstanding the provisions of Article 48A, § 15(a)(2) of
27 the Code or § 2-103(a)(2) of the Insurance Code, the following provisions apply to the
28 Insurance Commissioner appointed to succeed the first Insurance Commissioner of the
29 Maryland Insurance Administration:

30 (a) The Commissioner shall serve until June 1, 1999.

31 (b) The Commissioner may be removed by the Governor for:

32 (1) malfesance;

33 (2) incompetence; or

34 (3) failure to carry out the duties of office in a manner consistent with the
35 regulatory purpose and requirements of the Insurance laws of the State.

36 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
37 take effect June 1, 1997 and shall be applicable even if the Insurance Commissioner next

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1 succeeding the first Insurance Commissioner of the Maryland Insurance Administration
2 is appointed before that date.

3 SECTION 4. 3. AND BE IT FURTHER ENACTED, That Section ~~2~~ 1 of this Act
4 shall take effect ~~October 1, 1997~~ June 1, 1999.