

CF 7r1150

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

Introduced and read first time: January 30, 1997

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Maryland Insurance Administration - Funding Mechanism**

3 FOR the purpose of establishing the Insurance Regulation Fund as a special fund within
4 the State budget; providing for the characteristics, management, income, purpose,
5 and expenditures of the Fund; establishing an insurance regulation fee to be
6 imposed on certain entities in lieu of all other fees; providing for the segregation of
7 an account for the Insurance Fraud Division; repealing certain fees; altering the
8 guidelines used by the Commissioner when calculating retaliatory taxes and fees;
9 altering certain fees; providing for the effective dates of this Act; and generally
10 relating to the funding of the costs and expenses of the Maryland Insurance
11 Administration related to the regulation of insurance activities in the State.

12 BY repealing and reenacting, with amendments,

13 Article 48A - Insurance Code
14 Section 23(1), 33, 41A, 41B, 41C, 54, 61, 168(f) and (g), 169, 181(d) and (e)(2),
15 182(g), 233A, 233AF, 283(b), 284(a), 307, 338(a), 341, 342, 344, 344E(1) and
16 (3), 344F, 353(a), 354, 355(a) and (b), 356(a), 357A(a), 585(c), 609(f), 634,
17 637(d), and 722
18 Annotated Code of Maryland
19 (1994 Replacement Volume and 1996 Supplement)

20 BY repealing

21 Article 48A - Insurance Code
22 Section 33A, 41, 583(d), and 640A through 640D
23 Annotated Code of Maryland
24 (1994 Replacement Volume and 1996 Supplement)

25 BY adding to

26 Article 48A - Insurance Code
27 Section 33A and 41 through 41F
28 Annotated Code of Maryland
29 (1994 Replacement Volume and 1996 Supplement)

30 BY repealing and reenacting, without amendments,

2

1 Article 48A - Insurance Code
2 Section 233AE
3 Annotated Code of Maryland
4 (1994 Replacement Volume and 1996 Supplement)

5 BY repealing

6 Article - Health - General
7 Section 19-709
8 Annotated Code of Maryland
9 (1996 Replacement Volume and 1996 Supplement)

10 BY repealing and reenacting, with amendments,

11 Article - Health - General
12 Section 19-711(a), 19-721, and 19-727
13 Annotated Code of Maryland
14 (1996 Replacement Volume and 1996 Supplement)

15 BY repealing and reenacting, with amendments,

16 Article - Insurance
17 Section 2-110(a) and 4-112(a) and (e)
18 Annotated Code of Maryland
19 (1995 Volume and 1996 Supplement)
20 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as
21 amended by Chapter 456 of the Acts of the General Assembly of 1996)

22 BY repealing

23 Article - Insurance
24 Section 2-112
25 Annotated Code of Maryland
26 (1995 Volume and 1996 Supplement)
27 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as
28 amended by Chapters 60, 189, and 271 of the Acts of the General Assembly of
29 1996)

30 BY adding to

31 Article - Insurance
32 Section 2-112
33 Annotated Code of Maryland
34 (1995 Volume and 1996 Supplement)
35 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as
36 amended by Chapters 60, 189, and 271 of the Acts of the General Assembly of
37 1996)

38 BY repealing and reenacting, with amendments,

39 Article - Insurance

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1 Section 2-113(a), 8-403(b)(1), 8-405, 8-423(a) and (d)(2), 8-444(a), 8-450,
2 8-456(a), 8-510, and 10-117
3 Annotated Code of Maryland
4 (1995 Volume and 1996 Supplement)
5 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

6 BY repealing

7 Article - Insurance
8 Section 2-114
9 Annotated Code of Maryland
10 (1995 Volume and 1996 Supplement)
11 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as
12 amended by Chapter 60 of the Acts of the General Assembly of 1996)

13 BY adding to

14 Article - Insurance
15 Section 2-114; and 2-501 through 2-506, inclusive, to be under the new subtitle
16 "Subtitle 5. Insurance Regulation Fee"
17 Annotated Code of Maryland
18 (1995 Volume and 1996 Supplement)
19 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

20 BY repealing and reenacting, with amendments,

21 Article - Insurance
22 Section 2-208, 2-401, 2-407, 3-206, 14-102, 14-109, 14-110, 14-121(a),
23 14-126(a)(1), 14-405(a), and 14-408
24 Annotated Code of Maryland
25 (1995 Volume and 1996 Supplement)
26 (As enacted by Chapter ____ (H.B. 11) of the Acts of the General Assembly of 1997)

27 BY repealing and reenacting, without amendments,

28 Article - Insurance
29 Section 2-402(b)
30 Annotated Code of Maryland
31 (1995 Volume and 1996 Supplement)
32 (As enacted by Chapter ____ (H.B. 11) of the Acts of the General Assembly of 1997)

33 BY repealing

34 Article - Insurance
35 Section 3-204(c)
36 Annotated Code of Maryland
37 (1995 Volume and 1996 Supplement)
38 (As enacted by Chapter ____ (H.B. 11) of the Acts of the General Assembly of 1997)

39 BY adding to

4

1 Article - Insurance
2 Section 3-207.1
3 Annotated Code of Maryland
4 (1995 Volume and 1996 Supplement)
5 (As enacted by Chapter _____ (H.B. 11) of the Acts of the General Assembly of 1997)

6 BY repealing and reenacting, with amendments,

7 Article - Insurance
8 Section 6-105
9 Annotated Code of Maryland
10 (1995 Volume and 1996 Supplement)
11 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as
12 amended by Chapter 352 of the Acts of the General Assembly of 1995, as
13 amended by Chapter 636 of the Acts of the General Assembly of 1996)

14 BY repealing

15 Article - Insurance
16 Section 6-201 through 6-204, inclusive, and the subtitle "Subtitle 2. Fraud
17 Prevention Fee"
18 Annotated Code of Maryland
19 (1995 Volume and 1996 Supplement)
20 (As enacted by Chapter 352 of the Acts of the General Assembly of 1995)

21 BY repealing

22 Article - Insurance
23 Section 8-451(d), 8-461(d), and 8-462(d)
24 Annotated Code of Maryland
25 (1995 Volume and 1996 Supplement)
26 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

27 BY repealing and reenacting, with amendments,

28 Article - Insurance
29 Section 10-112(a)
30 Annotated Code of Maryland
31 (1995 Volume and 1996 Supplement)
32 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as
33 amended by Chapter 635 of the Acts of the General Assembly of 1995)

34 BY repealing and reenacting, with amendments,

35 Article - Insurance
36 Section 10-118(a)
37 Annotated Code of Maryland
38 (1995 Volume and 1996 Supplement)
39 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as

5

1 amended by Chapter 635 of the Acts of the General Assembly of 1995, as
2 amended by Chapter 271 of the Acts of the General Assembly of 1996)

3 BY repealing and reenacting, with amendments,

4 Article - Insurance
5 Section 10-204(e)
6 Annotated Code of Maryland
7 (1995 Volume and 1996 Supplement)
8 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as
9 amended by Chapter 369 of the Acts of the General Assembly of 1996)

10 BY repealing and reenacting, with amendments,

11 Article - Insurance
12 Section 10-404(c)
13 Annotated Code of Maryland
14 (1995 Volume and 1996 Supplement)
15 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as
16 amended by Chapters 271 and 369 of the Acts of the General Assembly of
17 1996)

18 BY repealing and reenacting, with amendments,

19 Article - Insurance
20 Section 25-307
21 Annotated Code of Maryland
22 (1996 Volume)
23 (As enacted by Chapter 11 of the Acts of the General Assembly of 1996)

24 BY repealing

25 Article - Insurance
26 Section 2-112
27 Annotated Code of Maryland
28 (1995 Volume and 1996 Supplement)
29 (As enacted by Chapter 271, § 2 of the Acts of the General Assembly of 1996)

30 BY adding to

31 Article - Insurance
32 Section 2-112
33 Annotated Code of Maryland
34 (1995 Volume and 1996 Supplement)
35 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

36 BY repealing and reenacting, with amendments,

37 Article - Insurance
38 Section 10-118(a)
39 Annotated Code of Maryland

6

1 (1995 Volume and 1996 Supplement)
2 (As enacted by Chapter 271, § 2 of the Acts of the General Assembly of 1996)

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

5 **Article 48A - Insurance Code**

6 23.

7 (1) As early in each fiscal year as is reasonably possible, the Commissioner shall
8 prepare an annual report regarding the previous fiscal year that includes:

9 (a) A list of the authorized insurers transacting insurance business in
10 Maryland, with such summary of their financial statement as he deems appropriate;

11 (b) Names of all insurers whose business was closed during the year, the
12 cause thereof, and the amount of assets and liabilities as ascertainable;

13 (c) Names of insurers against which delinquency or similar proceedings
14 were instituted, and a concise statement of the facts with respect to each such proceeding
15 and the status thereof;

16 (d) (1) A list of the rulings and decisions made in cases before the
17 Administration in the prior fiscal year; AND

18 (2) A STATEMENT OF THE AMOUNT OF THE INSURANCE
19 REGULATION FEE DEPOSITED INTO THE INSURANCE REGULATION FUND;

20 (e) A statement of all fees, taxes, and administrative fines and penalties
21 received by the Commissioner and deposited into the General Fund;

22 (f) Recommendations of the Commissioner as to:

23 (1) Amendments to laws affecting insurance; and

24 (2) Matters affecting the Administration; and

25 (g) Such other pertinent information and matters as the Commissioner
26 deems proper.

27 33.

28 The expense incurred in any examination made pursuant to § 30 of this article or
29 pursuant to § 31 concerning surplus line brokers [and insurance holding corporations] or
30 pursuant to § 486B of this article concerning premium finance companies shall be paid for
31 by the person examined, as follows:

32 (1) Each person examined shall pay to the Commissioner the travel
33 expenses, living expense allowance, and a per diem as compensation of examiners,
34 actuaries and typists, to the extent incurred on account of the examination, all at
35 reasonable rates as established by the Commissioner.

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1 (2) A detailed account of the expense incurred may be presented to the
2 person examined periodically during the course of the examination or at the termination
3 of the examination, as the Commissioner deems proper.

4 (3) No person shall pay and no examiner shall accept any additional
5 emolument on account of any examination.

6 [33A.

7 (a) All money received under §§ 33(i), 41(1), (2), (3), (4) and (16), and 194 of this
8 article shall be general funds of the State, except that money for travel expenses and
9 living expense allowance received pursuant to § 33(i) of this article shall be held in a
10 special revolving fund by the Comptroller for the sole purpose of the payment of the costs
11 of examinations of insurance companies.

12 (b) The following moneys may not be considered general funds of the State and
13 shall be deposited in the Insurance Fraud Division Fund:

14 (1) Revenue derived from the annual fraud prevention fee under § 640B of
15 this article; and

16 (2) Income from investments that the State Treasurer makes for the
17 Insurance Fraud Division Fund.]

18 33A.

19 (A) THE FOLLOWING MONEYS SHALL BE CONSIDERED GENERAL FUNDS OF
20 THE STATE:

21 (1) ALL REVENUE RECEIVED UNDER SUBTITLE 47 OF THIS ARTICLE;

22 (2) ALL REVENUE RECEIVED UNDER §§ 61, 194, AND 208 OF THIS
23 ARTICLE; AND

24 (3) ALL PENALTIES IMPOSED BY THE COMMISSIONER, INCLUDING
25 PENALTIES IMPOSED UNDER:

26 (I) SECTIONS 55A, 175A, 210, 230A, 242, 361, AND 486H OF THIS
27 ARTICLE;

28 (II) ARTICLE 48B OF THE CODE; AND

29 (III) TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE.

30 (B) THE FOLLOWING MONEYS MAY NOT BE CONSIDERED GENERAL FUNDS
31 OF THE STATE AND SHALL BE DEPOSITED INTO THE INSURANCE REGULATION
32 FUND:

33 (1) ALL REVENUE RECEIVED THROUGH THE IMPOSITION OF THE
34 INSURANCE REGULATION FEE;

35 (2) ALL REVENUE FROM THE IMPOSITION OF FEES ON PERSONS OTHER
36 THAN INSURERS; AND

8

1 (3) INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES
2 FOR THE FUND.

3 [41.

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

6 (1) Certificates of authority:

7 (i) Application for original certificate of authority: For filing
8 applications for certificate of authority, articles of incorporation (except as provided in
9 subsection (2) of this section) and other charter documents, bylaws, financial statement,
10 examination report, power of attorney to the Commissioner, and all other documents and
11 filings required in connection with such application..... \$ 1,000.00

12 (ii) Original certificate of authority..... \$ 200.00

13 (iii) Annual continuation or renewal of certificate of authority for all
14 foreign insurers and those domestic insurers with their home or executive office in
15 Maryland..... \$ 500.00

16 (iv) Annual continuation or renewal of certificate of authority for
17 domestic insurers with their home or executive office outside of Maryland except those
18 insurers which had their home or executive office outside of Maryland prior to January 1,
19 1929.

20 With premiums written in the most recent calendar year not exceeding
21 \$500,000.....\$2,500.00

22 With premiums written in the most recent calendar year not exceeding
23 \$1,000,000.....\$5,000.00

24 With premiums written in the most recent calendar year not exceeding
25 \$2,000,000.....\$7,000.00

26 With premiums written in the most recent calendar year not exceeding
27 \$5,000,000.....\$9,000.00

28 With premiums written in the most recent calendar year of more than
29 \$5,000,000.....\$11,000.00

30 (v) Reinstatement of certificate of authority..... \$ 500.00

31 (2) Articles of incorporation, etc.:

32 (i) Filing articles of incorporation of domestic or foreign insurer for
33 approval, exclusive of fees required to be paid by the corporation to the Department of
34 Assessments and Taxation..... \$ 25.00

35 (ii) Filing amendment of articles of incorporation, domestic and
36 foreign insurers, exclusive of fees required to be paid to the Department of Assessments
37 and Taxation by a domestic corporation..... \$ 10.00

38 (3) Filing bylaws or amendment thereto, where required..... \$ 10.00

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- (4) Certificates of qualification:
 - (i) Original agent's within 1 year of renewal..... \$ 25.00
 - (ii) Original agent's over 1 year from renewal..... \$ 50.00
 - (iii) Original broker's within 1 year of renewal..... \$ 40.00
 - (iv) Original broker's over 1 year from renewal..... \$ 80.00
 - (v) Biennial renewal agent's..... \$ 50.00
 - (vi) Biennial renewal broker's..... \$ 80.00
 - (vii) Application fee..... \$ 25.00
 - (viii) Original managing general agents..... \$ 30.00
 - (ix) Annual renewal managing general agents..... \$ 30.00

- (5) Appointments:
 - (i) Original filing per appointment..... \$ 25.00
 - (ii) Notice of each termination..... \$ 25.00

- (6) Surplus line broker's certificate of qualification:
 - (i) Original certificate within 1 year of renewal..... \$ 100.00
 - (ii) Original certificate over 1 year from renewal..... \$ 100.00
 - (iii) Biennial renewal or continuation of certificate..... \$ 200.00

- (7) Public adjuster's license:
 - (i) Original license within 1 year of renewal..... \$ 25.00
 - (ii) Original license over 1 year from renewal..... \$ 50.00
 - (iii) Biennial renewal or continuation of license..... \$ 50.00

- (8) Adviser's license:
 - (i) Original license within 1 year of renewal..... \$ 100.00
 - (ii) Original license over 1 year from renewal..... \$ 200.00
 - (iii) Biennial renewal or continuation of license..... \$ 200.00

- (9) Insurance vending machine license, each machine, each second
 year.....\$50.00

- (10) For valuing life insurance policies, other than group or credit:
 - (i) For the first \$14,000,000 of insurance or any fractional part
 thereof..... \$ 350.00

10

1 (ii) For each additional \$1,000,000 of insurance or fractional part
2 thereof..... \$ 25.00

3 (11) For valuing group life insurance policies other than credit, per million of
4 insurance or any fractional part thereof..... \$ 3.00

5 (12) For valuing individual and group credit life insurance policies, per
6 million of insurance or any fractional part thereof..... \$ 12.00

7 (13) For valuing the reserve liabilities for outstanding annuity contracts, per
8 million dollars of reserve or any fractional part of it..... \$ 25.00

9 (14) Filing annual statement by unauthorized insurer applying for approval to
10 become an accepted insurer applying for approval to become an accepted reinsurer
11 and/or a surplus lines carrier..... \$ 1,000.00

12 (15) Temporary certificates and appointments:

13 (i) Agents..... \$ 25.00

14 (ii) Brokers..... \$ 40.00

15 (16) Form and rate filings under §§ 242, 242A, 334, 356, 375, and 436H of this
16 article..... \$ 100.00

17 (17) Approval of continuing education courses..... \$ 50.00

18 (18) Service of legal process under §§ 57 and 197 of this article..... \$ 15.00]

19 41.

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

22 (2) "INSURANCE PROFESSIONAL" MEANS AN AGENT, BROKER,
23 MANAGING GENERAL AGENT, SURPLUS LINES BROKER, PUBLIC ADJUSTER, OR
24 INSURANCE ADVISER WHO HAS A VALID CERTIFICATE OF QUALIFICATION.

25 (3) "CERTIFICATE OF QUALIFICATION" INCLUDES A LICENSE.

26 (B) (1) THE COMMISSIONER SHALL COLLECT THE FEES SET OUT IN THIS
27 SUBSECTION IN ADVANCE FROM THE PERSONS LISTED.

28 (2) INSURANCE PROFESSIONALS:

29 (I) ORIGINAL CERTIFICATE OF QUALIFICATION WITHIN 1 YEAR
30 OF RENEWAL.....\$ 45.00

31 (II) ORIGINAL CERTIFICATE OF QUALIFICATION OVER 1 YEAR
32 FROM RENEWAL.....\$ 70.00

33 (III) BIENNIAL RENEWAL OR CONTINUATION OF CERTIFICATE OF
34 QUALIFICATION.....\$ 70.00

35 (3) TEMPORARY CERTIFICATES OF QUALIFICATION:

11

1 (I) AGENTS..... \$ 45.00

2 (II) BROKERS..... \$ 60.00

3 (4) SERVICE OF LEGAL PROCESS UNDER §§ 57 AND 197 OF THIS
4 ARTICLE.....\$ 15.00

5 (5) COPIES OF DOCUMENTS ON FILE IN THE COMMISSIONER'S OFFICE
6 PER PAGE.....\$ 0.25

7 41A.

8 (A) IN §§ 41A THROUGH 41G OF THIS SUBTITLE AND IN § 61 OF THIS ARTICLE
9 THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

10 (B) "FUND" MEANS THE INSURANCE REGULATION FUND.

11 (C) (1) "INSURER" MEANS AN INSURER OR OTHER ENTITY AUTHORIZED TO
12 ENGAGE IN BUSINESS IN THE STATE UNDER A CERTIFICATE OF AUTHORITY OR
13 LICENSE ISSUED BY THE COMMISSIONER.

14 (2) "INSURER" INCLUDES:

15 (I) A HEALTH MAINTENANCE ORGANIZATION OPERATING UNDER
16 A CERTIFICATE OF AUTHORITY ISSUED BY THE COMMISSIONER UNDER TITLE 19,
17 SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE;

18 (II) A NONPROFIT HEALTH SERVICE PLAN OPERATING UNDER
19 SUBTITLE 20 OF THIS ARTICLE;

20 (III) A DENTAL PLAN REGULATED UNDER SUBTITLE 42 OF THIS
21 ARTICLE;

22 (IV) A FRATERNAL BENEFIT SOCIETY REGULATED UNDER
23 SUBTITLE 19 OF THIS ARTICLE;

24 (V) A RECIPROCAL INSURER;

25 (VI) THE MARYLAND AUTOMOBILE INSURANCE FUND; AND

26 (VII) A SELF-INSURANCE GROUP OPERATING UNDER SUBTITLE 44
27 OF THIS ARTICLE.

28 (D) (1) "PREMIUMS" HAS THE MEANING STATED IN § 631 OF THIS ARTICLE.

29 (2) "PREMIUMS" INCLUDES ANY AMOUNTS PAID TO A HEALTH
30 MAINTENANCE ORGANIZATION AS COMPENSATION ON A PREDETERMINED
31 PERIODIC RATE BASIS FOR PROVIDING TO MEMBERS THE SERVICES SPECIFIED
32 UNDER §§ 19-701(D)(2) AND 19-706(E) OF THE HEALTH - GENERAL ARTICLE.

33 41B.

34 (A) THE COMMISSIONER SHALL COLLECT AN ANNUAL INSURANCE
35 REGULATION FEE AS PROVIDED IN § 41C OF THIS SUBTITLE.

36 (B) THE INSURANCE REGULATION FEE IS:

12

1 (1) EXCEPT WHERE SPECIFIED IN LAW, IN LIEU OF ALL OTHER FEES
2 IMPOSED ON INSURERS;

3 (2) IN ADDITION TO ANY PENALTIES OR PREMIUM TAX IMPOSED
4 UNDER THIS ARTICLE; AND

5 (3) DUE AND PAYABLE BY AN INSURER ON OR BEFORE JULY 31 OF
6 EACH YEAR.

7 (C) THE TOTAL AMOUNT OF THE INSURANCE REGULATION FEE COLLECTED
8 BY THE COMMISSIONER SHALL BE DEPOSITED IN THE FUND.

9 41C.

10 (A) (1) THE TOTAL INSURANCE REGULATION FEE IS APPORTIONED IN
11 RELATION TO THE BURDEN ON THE STATE TO ADEQUATELY AND APPROPRIATELY
12 REGULATE THE INSURANCE BUSINESS ENGAGED IN BY INSURERS WITHIN THE
13 STATE.

14 (2) THE INSURANCE REGULATION FEE MAY NOT BE CONSTRUED AS A
15 LEVY OR EXCISE ON PREMIUMS FOR THE PURPOSE OF RAISING GENERAL REVENUE
16 FOR THE STATE.

17 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IN ORDER TO
18 PROPERLY REFLECT THE REGULATORY BURDEN IMPOSED BY EACH INSURER
19 ENGAGED IN THE INSURANCE BUSINESS IN THE STATE, THE INSURANCE
20 REGULATION FEE SHALL BE EXPRESSED AS A PERCENTAGE OF ALL NEW AND
21 RENEWAL GROSS DIRECT PREMIUMS WRITTEN BY AN INSURER SUBJECT TO THE
22 INSURANCE REGULATION FEE DURING THE IMMEDIATELY PRECEDING CALENDAR
23 YEAR.

24 (2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
25 PARAGRAPH, THE MINIMUM INSURANCE REGULATION FEE SHALL BE \$2,500.

26 (II) FOR FRATERNAL BENEFIT SOCIETIES AND WORKERS'
27 COMPENSATION SELF-INSURANCE GROUPS, THE MINIMUM INSURANCE
28 REGULATION FEE SHALL BE \$1,500.

29 (C) IN DETERMINING PREMIUMS SUBJECT TO THE INSURANCE REGULATION
30 FEE, THE FOLLOWING DEDUCTIONS SHALL BE MADE FROM GROSS DIRECT WRITTEN
31 PREMIUMS:

32 (1) RETURNED PREMIUMS, BUT NOT INCLUDING SURRENDER VALUES;

33 (2) RETURNS OR REFUNDS MADE OR CREDITED TO POLICYHOLDERS
34 BECAUSE OF RETROSPECTIVE RATINGS OR SAFE DRIVER AWARDS; AND

35 (3) ANY OTHER DEDUCTION THAT THE COMMISSIONER CONSIDERS
36 REASONABLE.

37 (D) THE BASE ASSESSMENT RATE SHALL EQUAL THE FRACTION OBTAINED
38 BY DIVIDING THE TOTAL REGULATORY COST BY THE TOTAL AMOUNT OF NEW AND
39 RENEWAL GROSS DIRECT PREMIUMS WRITTEN IN THE STATE BY ALL INSURERS.

13

1 (E) THE INSURANCE REGULATION FEE CHARGED TO EACH INSURER SHALL
2 EQUAL THE PRODUCT OF MULTIPLYING THE INSURER'S GROSS DIRECT WRITTEN
3 PREMIUMS BY THE BASE ASSESSMENT RATE.

4 41D.

5 (A) THERE IS AN INSURANCE REGULATION FUND THAT CONSISTS OF:

6 (1) ALL REVENUE RECEIVED THROUGH THE IMPOSITION OF THE
7 INSURANCE REGULATION FEE;

8 (2) ALL REVENUE FROM THE IMPOSITION OF ALL OTHER FEES
9 SPECIFIED AGAINST PERSONS OR ENTITIES OTHER THAN INSURERS UNDER THIS
10 ARTICLE; AND

11 (3) INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES
12 FOR THE FUND.

13 (B) THE PURPOSE OF THE FUND IS TO PAY ALL COSTS AND EXPENSES
14 INCURRED BY THE MARYLAND INSURANCE ADMINISTRATION RELATED TO THE
15 REGULATION OF THE INSURANCE ACTIVITIES OF ALL INSURERS THAT ENGAGE IN
16 BUSINESS IN THE STATE.

17 (C) (1) ALL COSTS AND EXPENSES OF THE MARYLAND INSURANCE
18 ADMINISTRATION SHALL BE INCLUDED IN THE STATE BUDGET.

19 (2) ANY EXPENDITURES FROM THE FUND TO COVER COSTS AND
20 EXPENSES OF THE MARYLAND INSURANCE ADMINISTRATION MAY ONLY BE MADE:

21 (I) PURSUANT TO AN APPROPRIATION APPROVED BY THE
22 GENERAL ASSEMBLY IN THE ANNUAL STATE BUDGET; OR

23 (II) BY THE BUDGET AMENDMENT PROCEDURE PROVIDED FOR IN
24 § 7-209 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

25 (3) IN ANY GIVEN YEAR, IF THE AMOUNT OF THE INSURANCE
26 REGULATION FEE COLLECTED BY THE COMMISSIONER AND DEPOSITED INTO THE
27 FUND EXCEEDS THE ACTUAL EXPENDITURES PURSUANT TO APPROPRIATIONS FOR
28 THE MARYLAND INSURANCE ADMINISTRATION, THE EXCESS AMOUNT SHALL BE
29 CARRIED FORWARD FOR THE PURPOSE OF REDUCING THE INSURANCE
30 REGULATION FEE IMPOSED BY THE MARYLAND INSURANCE ADMINISTRATION FOR
31 THE FOLLOWING FISCAL YEAR.

32 (4) THE AMOUNT APPROPRIATED FOR THE OPERATION OF THE
33 INSURANCE FRAUD DIVISION:

34 (I) SHALL BE SEGREGATED FROM THE REMAINING MONEYS IN
35 THE FUND INTO A SEPARATE FRAUD DIVISION ACCOUNT;

36 (II) SHALL BE USED ONLY FOR THE OPERATION OF THE FRAUD
37 DIVISION; AND

38 (III) MAY NOT BE TRANSFERRED TO FUND ANY OTHER
39 OPERATIONS OF THE MARYLAND INSURANCE ADMINISTRATION.

14

1 (D) (1) THE STATE TREASURER IS THE CUSTODIAN OF THE FUND.

2 (2) THE STATE TREASURER SHALL DEPOSIT PAYMENTS RECEIVED
3 FROM THE COMMISSIONER INTO THE FUND.

4 (E) (1) THE FUND IS A CONTINUING, NONLAPSING FUND AND IS NOT
5 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, AND MAY
6 NOT BE DEEMED A PART OF THE GENERAL FUND OF THE STATE.

7 (2) NO PART OF THE FUND MAY REVERT OR BE CREDITED TO:

8 (I) THE GENERAL FUND OF THE STATE; OR

9 (II) A SPECIAL FUND OF THE STATE, UNLESS OTHERWISE
10 PROVIDED BY LAW.

11 (3) THE STATE TREASURER SHALL DEPOSIT PAYMENTS RECEIVED
12 FROM THE COMMISSIONER INTO THE FUND.

13 41E.

14 (A) (1) ON OR BEFORE MARCH 1 OF EACH YEAR, EACH INSURER SUBJECT
15 TO THIS SUBTITLE SHALL FILE WITH THE COMMISSIONER A REPORT OF NEW AND
16 RENEWAL GROSS DIRECT WRITTEN PREMIUMS.

17 (2) THE REPORT SHALL BE FILED IN A MANNER AND CONTAIN THE
18 INFORMATION REQUIRED BY THE COMMISSIONER.

19 (B) FAILURE BY AN INSURER TO PAY THE INSURANCE REGULATION FEE ON
20 OR BEFORE JULY 31 OF EACH YEAR SHALL SUBJECT THE INSURER TO THE
21 PROVISIONS OF §§ 54 AND 55A OF THIS ARTICLE.

22 (C) (1) IF ADDITIONAL AMOUNTS ARE FOUND TO BE DUE AFTER A REPORT
23 HAS BEEN FILED, THE AMOUNTS SHALL BE SUBJECT TO INTEREST AT 6 % PER YEAR
24 FROM THE TIME THE INSURANCE REGULATION FEE WAS DUE UNTIL PAYMENT IS
25 ACTUALLY MADE TO THE COMMISSIONER.

26 (2) THE COMMISSIONER MAY WAIVE INTEREST UNDER THIS
27 SUBSECTION ON LATE PAYMENTS IF THE INSURER PROVES THAT IT:

28 (I) MADE A GOOD FAITH EFFORT TO COMPLY WITH THE
29 REQUIREMENTS OF THIS SECTION; AND

30 (II) EXERCISED DUE DILIGENCE TO INITIATE PAYMENT
31 CORRECTLY AND ON A TIMELY BASIS.

32 (D) THIS SECTION DOES NOT AFFECT ANY REQUIREMENT OTHERWISE
33 ESTABLISHED BY LAW FOR THE PAYMENT OF PREMIUM TAXES BY AN INSURER.

34 41F.

35 THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT ANY
36 PROVISION §§ 41A THROUGH 41G OF THIS SUBTITLE.

15

1 [41A.] 41G.

2 (a) (1) Subject to the approval of the Treasurer and subject to the limitation
3 under paragraph (2) of this subsection, the Commissioner may provide by regulation for
4 the payment of any unpaid premium taxes or [fees] THE UNPAID INSURANCE
5 REGULATION FEE owed by an insurer in funds that are immediately available to the
6 State on the date the payment is due.

7 (2) The Commissioner may not require payment in funds that are
8 immediately available to the State if the total of the unpaid premium tax or [fees] THE
9 UNPAID INSURANCE REGULATION FEE is less than \$20,000.

10 (b) Any regulations adopted by the Commissioner under this section shall
11 establish a suitable means for payment in immediately available funds so as to ensure the
12 availability of those funds to the State on the date of payment.

13 [41B.] 41H.

14 A court may award reimbursement to a prevailing plaintiff against a defendant for
15 a service of legal process fee imposed under [§ 41(18)] § 41(B)(4) of this subtitle in any
16 case against an insurer or surplus line broker.

17 [41C.] 41-I.

18 The Commissioner shall by regulation establish or direct the establishment of a
19 toll-free telephone number to assist and educate consumers concerning the purchase of
20 private passenger automobile insurance. The Commissioner may not recommend specific
21 companies or agents, but may provide to callers educational materials that may include a
22 rate guide or other list of agents and insurers.

23 54.

24 (a) (1) All original and renewal certificates of authority heretofore or hereafter
25 issued to insurers shall, unless previously suspended or revoked, expire at midnight on the
26 [30th day of June] 31ST DAY OF JULY succeeding the date of the issuance of such
27 certificate of authority. Upon payment of the annual [continuation fee provided in § 41]
28 INSURANCE REGULATION FEE UNDER § 41B OF THIS ARTICLE before the expiration
29 date of a certificate of authority, the same shall remain in effect until a new certificate of
30 authority is issued or specifically refused.

31 (2) At least 2 months before a certificate of authority expires, the
32 Commissioner shall send to each insurer holding a certificate of authority under this
33 article an application to renew the certificate of authority.

34 (b) (1) An insurer shall mail a complete renewal application and the annual
35 [continuation fee provided in § 41] INSURANCE REGULATION FEE UNDER § 41B OF
36 THIS ARTICLE on or before [June 30] JULY 31. An insurer that fails to renew its
37 certificate of authority on or before [June 30] JULY 31 shall forfeit:

38 (i) \$500 for each day from [July 1 through July 10] AUGUST 1
39 THROUGH AUGUST 10;

16

1 (ii) \$1,000 for each day from [July 11 through July 31] AUGUST 11
2 THROUGH AUGUST 31; and

3 (iii) \$5,000 for each day after [July 31] AUGUST 31.

4 (2) In addition to the provisions imposed under paragraph (1) of this
5 subsection, an insurer that fails to renew its certificate of authority on or before [June
6 30] JULY 31 in the previous year shall:

7 (i) Renew its certificate of authority on or before [June 1] JULY 1 of
8 the current year; and

9 (ii) Forfeit \$3,000 if the insurer fails to renew its certificate of
10 authority on or before [June 30] JULY 31 in the current year.

11 (3) In addition to the monetary penalties imposed under this subsection, on
12 [July 1] AUGUST 1 of each year, for each insurer that fails to file its renewal application
13 and [continuation fee] INSURANCE REGULATION FEE on or before [June 30] JULY 31,
14 the Commissioner may:

15 (i) Order that the insurer cease and desist from engaging further from
16 the writing of insurance in this State in accordance with § 55 of this article; or

17 (ii) Issue an order to require the insurer to show cause why it should
18 be allowed to continue to engage in the insurance business in the State.

19 61.

20 (1) When by or pursuant to the laws of any other state or foreign country any
21 taxes, licenses and other fees OTHER THAN FEES SIMILAR TO THE INSURANCE
22 REGULATION FEE, in the aggregate, and any fines, penalties, deposit requirements or
23 other material obligations, prohibitions or restrictions are or would be imposed upon
24 Maryland insurers, or upon the agents or representatives of such insurers, which are in
25 excess of such taxes, licenses and other fees, in the aggregate, or which are in excess of
26 the fines, penalties, deposit requirements or other obligations, prohibitions, or
27 restrictions directly imposed upon similar insurers, or upon the agents or representatives
28 of such insurers, of such other state or country under the statutes of this State, so long as
29 such laws of such other state or country continue in force or are so applied, the same
30 taxes, licenses and other fees, in the aggregate, or fines, penalties or deposit requirements
31 or other material obligations, prohibitions, or restrictions of whatever kind shall be
32 imposed by the Commissioner upon the insurers, or upon the agents or representatives of
33 such insurers, of such other state or country doing business or seeking to do business in
34 Maryland. Any tax, license or other fee or other obligation imposed by any city, county, or
35 other political subdivision or agency of such other state or country on Maryland insurers
36 or their agents or representatives shall be deemed to be imposed by such state or country
37 within the meaning of this section. All taxes imposed by this section that are not paid
38 within 30 days after the Commissioner issues the notice of the amount due are subject to
39 a penalty of 5 percent and interest at the rate determined under § 13-604 of the Tax -
40 General Article for each month from the date of the notice that the tax was due.

41 (2) This section shall not apply as to personal income taxes, nor as to ad valorem
42 taxes on real or personal property, nor as to special purpose obligations or assessments

17

1 imposed by another state in connection with particular kinds of insurance other than
2 property insurance, nor as to assessments imposed by insurance guaranty associations or
3 similar organizations in another state; except that deductions, from premium taxes or
4 other taxes otherwise payable, allowed on account of real estate or personal property
5 taxes paid shall be taken into consideration by the Commissioner in determining the
6 propriety and extent of retaliatory action under this section.

7 (3) For the purposes of this section and subject to the provisions of subsection (4)
8 the domicile of an alien insurer, shall be that state in which is located his principal place
9 of business in the United States.

10 (4) In case of an insurer formed under the laws of Canada or a province thereof,
11 its domicile shall be deemed to be that province in which its head office is situated.

12 (5) Unless the [Department of Labor, Licensing, and Regulation] MARYLAND
13 INSURANCE ADMINISTRATION and the Central Collection Unit of the Department of
14 Budget and Management agree otherwise, the [Department of Labor, Licensing, and
15 Regulation] MARYLAND INSURANCE ADMINISTRATION may not refer to the Unit any
16 action to recover money under this section.

17 168.

18 (f) The Commissioner shall require, and every agent and broker shall file with the
19 Commissioner, in such form as he may direct, [with the fee prescribed in § 41 of this
20 article] the agency or trade names to be used and the business address and the name and
21 residence addresses of each individual possessing a certificate of qualification who does
22 business under that agency or trade name.

23 (g) The Commissioner shall require, and every agent and broker shall file with the
24 Commissioner, in such form as the Commissioner directs, any change or additions to or
25 deletions from the certificate of qualification[, and pay the fee specified in § 41 of this
26 article for each change, addition, or deletion].

27 169.

28 [(a)] All insurers doing business in this State shall on the appointment or
29 termination of any agent, immediately file a notice of appointment or termination in the
30 manner specified by the Commissioner and the reasons for termination. Any disclosure to
31 the Commissioner under this subsection shall be considered a privileged communication
32 and may not be used in evidence in any court action or proceeding other than an appeal
33 from action of the Commissioner.

34 [(b) All appointments and terminations shall be accompanied by the fee set out
35 under § 41(5) of this article.]

36 181.

37 (d) [(1) An applicant shall pay the application fee prescribed under § 41(4)(vii)
38 of this article.

39 (2) Once an applicant has been notified that the applicant has passed the
40 examination required under this section or is otherwise eligible to be licensed, the

18

1 applicant shall submit the applicable license fee prescribed in [§ 41(7)(i) or (ii)] § 41 of
2 this article.

3 (e) (2) To renew a public adjuster's license, a licensee shall submit to the
4 Commissioner:

5 (i) A renewal application in the form prescribed by the
6 Commissioner; and

7 (ii) The biennial license renewal fee prescribed by [§ 41(7)(iii)] § 41
8 of this article.

9 182.

10 (g) (1) [(i) Prior to taking an examination, an applicant shall pay the
11 application fee prescribed under § 41(4)(vii) of this article.

12 [(ii) Once an applicant has been notified that the applicant has passed
13 the examination required under this section, the applicant shall submit the applicable
14 license fee prescribed in [§ 41(8)(i) or (ii)] § 41 of this article.

15 (2) A person not required to take an examination shall pay the applicable
16 license fee prescribed in [§ 41(8)(i) or (ii)] § 41 of this article.

17 (3) To renew an insurance adviser's license, a licensee shall submit to the
18 Commissioner:

19 (i) A renewal application in the form prescribed by the
20 Commissioner; and

21 (ii) The biennial license renewal fee prescribed by [§ 41(8)(iii)] § 41
22 of this article.

23 233A.

24 (a) In this section and §§ 233AB through 233B of this subtitle, inclusive, the
25 following words have the meanings indicated.

26 (B) "ACCOUNT" MEANS THE INSURANCE FRAUD DIVISION ACCOUNT.

27 [(b)] (C) "Fraud Division" means the Insurance Fraud Division of the Maryland
28 Insurance Administration.

29 [(c) "Fund" means the Insurance Fraud Division Fund.]

30 (d) "Insurance fraud" means:

31 (1) A violation of § 233 of this article;

32 (2) Theft, as set out under Article 27, §§ 340 through 342 of the Code:

33 (i) From a person regulated under this article; or

34 (ii) By a person regulated under this article or by any officer, director,
35 agent, or employee of any person regulated under this article; or

19

1 (3) Any other fraudulent activity set out under Article 27 of the Code that is
2 committed by or against a person regulated under this article.

3 233AE.

4 Funding for the Fraud Division shall be as provided in the State budget.

5 233AF.

6 (a) There is an Insurance Fraud Division [Fund] ACCOUNT.

7 (b) The purpose of the [Fund] ACCOUNT is to pay all the costs and expenses
8 incurred by the Insurance Administration related to the operation of the Insurance Fraud
9 Division, including the costs of State employees specifically assigned to the Fraud
10 Division by the Office of Attorney General and the Maryland State Police.

11 (c) The [Fund] ACCOUNT shall consist of:

12 (1) [The fees] THAT PORTION OF THE REGULATION FEE collected and
13 deposited in the [Fund] ACCOUNT by the Commissioner under [§ 640B] § 41D(C) of this
14 article; and

15 (2) Income from investments that the State Treasurer makes for the
16 PORTION OF THE REGULATION FEE DEPOSITED IN THE Insurance Fraud Division
17 [Fund] ACCOUNT.

18 (d) All the costs and expenses of the Insurance Fraud Division shall be included
19 in the State budget and expenditures from the [Fund] ACCOUNT to cover costs and
20 expenses of the Fraud Division may only be made:

21 (1) Pursuant to an appropriation approved by the General Assembly in the
22 annual State budget; or

23 (2) By the budget amendment procedure provided for in [§ 7-109] § 7-209
24 of the State Finance and Procurement Article.

25 [(e) (1) The State Treasurer is the custodian of the Fund.

26 (2) The Fund shall be invested and reinvested in the same manner as State
27 funds.

28 (3) The State Treasurer shall deposit payments received from the Insurance
29 Commissioner into the Fund.

30 (f) (1) The Fund is a continuing, nonlapsing fund and is not subject to § 7-302
31 of the State Finance and Procurement Article, and may not be deemed a part of the
32 General Fund.

33 (2) No part of the Fund may revert or be credited to:

34 (i) The General Fund of the State; or

35 (ii) A special fund of the State.]

20

1 283.

2 (b) The proposed attorney shall fulfill the requirements of and shall execute and
 3 file with the Commissioner when applying for a certificate of authority, a declaration
 4 setting forth:

5 (1) The name of the insurer;

6 (2) The location of the insurer's principal office and of the office or offices
 7 from which policies are to be issued;

8 (3) The kind or kinds of insurance business in which the reciprocal proposes
 9 to engage;

10 (4) A power of attorney appointing the Commissioner as agent for service of
 11 process as provided by § 57;

12 (5) The names and addresses of the original subscribers;

13 (6) The designation and appointment of the proposed attorney and a copy
 14 of the power of attorney;

15 (7) The names and addresses of the officers and directors of the attorney, if
 16 a corporation, or its members, if a firm;

17 (8) The powers of the subscribers' advisory committee; and the names and
 18 terms of office of the members thereof;

19 (9) That all moneys paid to the reciprocal shall, after deducting therefrom
 20 any sum payable to the attorney, be held in the name of the insurer and for the purposes
 21 specified in the subscribers' agreements;

22 (10) A copy of the subscribers' agreement;

23 (11) A statement that each of the original subscribers has in good faith
 24 applied for insurance of a kind in which the insurer proposes to engage, and that the
 25 insurer has received from each such subscriber the full premium or premium deposit
 26 required for the policy applied for, for the term of not less than six (6) months at an
 27 adequate rate theretofore filed with and approved by the Commissioner;

28 (12) A statement of the financial condition of the insurer, a schedule of its
 29 assets, and a statement that the surplus required by § 282, is available; and

30 (13) A copy of each policy, endorsement and application form it then
 31 proposes to issue or use.

32 Such declaration shall be verified by the oath of the attorney[, and shall contain
 33 payment of the fee provided for by § 41 of this article].

34 284.

35 (a) (1) The certificate of authority of a reciprocal insurer shall be issued to its
 36 attorney in the name of the reciprocal insurer[, upon payment of the fee provided for by
 37 § 41 of this article] UPON RECEIPT OF A COMPLETED APPLICATION.

21

1 (2) (I) THE CERTIFICATE OF AUTHORITY OF A RECIPROCAL INSURER
2 SHALL EXPIRE ON JULY 31 AND MAY BE RENEWED ANNUALLY.

3 (II) UPON SUBMISSION BY THE RECIPROCAL INSURER OF AN
4 APPLICATION FOR RENEWAL AND PAYMENT OF THE ANNUAL INSURANCE
5 REGULATION FEE UNDER § 41B OF THIS ARTICLE BEFORE THE EXPIRATION DATE OF
6 THE CERTIFICATE OF AUTHORITY, THE SAME SHALL REMAIN IN EFFECT UNTIL A
7 NEW CERTIFICATE OF AUTHORITY IS ISSUED OR SPECIFICALLY REFUSED.

8 307.

9 The certificate of authority of existing societies and all societies hereafter
10 authorized may be renewed annually, but in all cases to terminate on the [30th day of
11 June] 31ST DAY OF JULY. Upon [payment of the fee for renewal provided for in § 41]
12 APPLICATION FOR RENEWAL AND PAYMENT OF THE ANNUAL INSURANCE
13 REGULATION FEE UNDER § 41B OF THIS ARTICLE before the expiration date of a
14 certificate of authority the same shall remain in effect until a new certificate of authority
15 is issued or specifically refused.

16 338.

17 (a) Every society transacting business in this State shall file an annual statement
18 as provided in Section 58 of this article[, and pay a fee of twenty-five dollars (\$25) for
19 filing same].

20 341.

21 (a) The Commissioner, or any person he may appoint, shall have the power of
22 visitation and examination into the affairs of any domestic society and he shall make such
23 examination at least once in every three (3) years. He may employ assistants for the
24 purpose of such examination, and he, or any person he may appoint, shall have free access
25 to all books, papers and documents that relate to the business of the society.

26 (b) In making any such examination the Commissioner may summon and qualify
27 as witnesses under oath and examine its officers, agents and employees or other persons
28 in relation to the affairs, transactions and condition of the society.

29 (c) A summary of the report of the Commissioner and such recommendations or
30 statements of the Commissioner as may accompany such report, shall be read at the first
31 meeting of the board of directors or corresponding body of the society following the
32 receipt thereof, and if directed so to do by the Commissioner, shall also be read at the
33 first meeting of the supreme legislative or governing body of the society following the
34 receipt thereof. A copy of the report, recommendations and statements of the
35 Commissioner shall be furnished by the society to each member of such board of directors
36 or other governing body.

37 [(d) The expense of each examination and of each valuation, including
38 compensation and actual expense of examiners, shall be paid by the society examined or
39 whose certificates are valued, upon statements furnished by the Commissioner.]

22

1 342.

2 The Commissioner, or any person whom he may appoint, may examine any foreign
 3 or alien society transacting or applying for admission to transact business in this State. He
 4 may employ assistants and he, or any person he may appoint, shall have free access to all
 5 books, papers and documents that relate to the business of the society. He may in his
 6 discretion accept, in lieu of such examination, the examination of the insurance
 7 department of the state, territory, district, province or country where such society is
 8 organized. [The compensation and actual expenses of the examiners making any
 9 examination or general or special valuation shall be paid by the society examined or by
 10 the society whose certificate obligations have been valued, upon statements furnished by
 11 the Commissioner.]

12 344.

13 [Every] EXCEPT AS PROVIDED IN SUBTITLE 2 OF THIS ARTICLE, EVERY society
 14 organized or licensed under this subtitle is hereby declared to be a charitable and
 15 benevolent institution, and all of its funds shall be exempt from all and every State,
 16 county, district, municipal and school tax other than taxes on real estate and office
 17 equipment.

18 344E.

19 (1) The Commissioner may issue a certificate to any person who has paid [a
 20 biennial fee] THE BIENNIAL FEE REQUIRED UNDER § 41 OF THIS ARTICLE and who
 21 has complied with the requirements of this subtitle authorizing that person to act as an
 22 insurance agent on behalf of any society which is authorized to do business in this State.

23 (3) The Commissioner shall require an applicant to pass a written examination
 24 which shall include questions relative only to fraternal insurance, the types of certificates,
 25 policies or contracts in general proposed to be solicited under the certificate, and the laws
 26 of this State which relate to the activities of a fraternal insurance agent. [The applicant
 27 shall pay to the Commissioner a fee of \$15 for each such examination.] No such
 28 examination shall be required as to any fraternal insurance agent who is duly licensed or
 29 qualified as such in this State immediately prior to July 1, 1985.

30 344F.

31 Every society doing business in this State shall, upon the appointment or
 32 termination of the appointment of any insurance agent immediately file a written notice
 33 of appointment or termination with the Commissioner. In the case of termination the
 34 Commissioner may require societies to file a statement of facts relative to the termination
 35 and the date and cause thereof. Every statement made under this section shall be deemed
 36 a privileged communication. [The fee for an appointment or a termination shall be as
 37 provided in § 41 of this article.]

38 353.

39 (a) In addition to the provisions contained in this subtitle, other subtitles and
 40 provisions of this article and of the Corporations and Associations Article and the Estates
 41 and Trusts Article shall apply to fraternal benefit societies, to the extent applicable and
 42 not in conflict with the express provisions of this subtitle and the reasonable implications
 43 thereof, as follows:

23

1 (1) Subtitle 1 (scope of article).

2 (2) Subtitle 2 (the Commissioner of Insurance), including [§ 41 (fees)] §§ 41
3 THROUGH 41G OF THIS ARTICLE.

4 (3) The following sections of Subtitle 3 (authorization of insurers and
5 general requirements):

6 (i) Section 45 (name insurer).

7 (ii) Section 51 (management and affiliations).

8 (4) Section 201 (representing or aiding unauthorized insurer prohibited).

9 (5) Subtitle 15 (unfair trade practices).

10 (6) Subtitle 10 (rehabilitations and liquidations).

11 (7) Subtitle 11, § 172 (temporary licenses).

12 (8) Sections 468B through 468GB, inclusive (Medicare Supplement Act).

13 (9) Section 6-512 of the Corporations and Associations Article (prohibited
14 pecuniary interest of officials).

15 (10) Section 13-503 of the Estates and Trusts Article (minor may give
16 acquittance).

17 (11) Sections 77 and 83A.

18 354.

19 Any corporation without capital stock heretofore or hereafter organized for the
20 purpose of establishing, maintaining and operating a nonprofit health service plan
21 whereby hospital, medical, chiropodial, chiropractic, pharmaceutical, dental,
22 psychological or optometric care is provided by a hospital or hospitals, a physician or
23 physicians, a chiropodist or chiropodists, a chiropractor or chiropractors, a pharmacist or
24 pharmacists, a dentist or dentists, a duly licensed psychologist or psychologists, or an
25 optometrist or optometrists, to persons who become subscribers to such plan under
26 contracts which entitle each subscriber to certain hospital, medical, chiropodial,
27 chiropractic, pharmaceutical, dental, psychological, or optometric care or any of them,
28 shall be governed and regulated by:

29 (1) The provisions of this subtitle;

30 (2) Subtitle 2 of this article, INCLUDING §§ 41 THROUGH 41G OF THIS
31 ARTICLE;

32 (3) Subtitle 5 of this article;

33 (4) Subtitle 6 of this article;

34 (5) Subtitles 9A and 10 of this article;

35 (6) Subtitle 11 of this article;

24

- 1 (7) Subtitle 15 of this article;
- 2 (8) Except for §§ 493 and 497, Subtitle 32 of this article;
- 3 (9) Subtitle 34 of this article;
- 4 (10) Sections 55 and 55A of this article; and
- 5 (11) Any other provisions of this article that:
 - 6 (i) Are expressly referred to in this subtitle; or
 - 7 (ii) Expressly refer to this subtitle.

8 355.

9 (a) No corporation subject to the provisions of this subtitle shall issue contracts
10 for the rendering of hospital, medical, chiropodial, chiropractic, pharmaceutical, dental,
11 psychological, or optometric service to subscribers until the Insurance Commissioner has,
12 by formal certificate or license, authorized it to do so. Application for such certificate of
13 authority or license shall be made on forms to be supplied by the Insurance Commissioner
14 containing such information as he shall deem necessary. Each application for such
15 certificate of authority or license shall [contain payment of the fee provided for by § 41
16 of this article, and, as a part thereof, shall] be accompanied by copies of the following
17 documents, duly certified by at least two (2) of the executive officers of such corporation:

- 18 (1) Certificate of incorporation, with all amendments thereto;
- 19 (2) Bylaws, with all amendments thereto;
- 20 (3) Each contract executed or proposed to be executed by and between the
21 corporation and any hospital, physician, chiropodist, chiropractor, pharmacist, dentist,
22 psychologist, or optometrist, embodying the terms under which hospital, medical,
23 chiropodial, chiropractic, pharmaceutical, dental, psychological, or optometric service is
24 to be furnished to subscribers to the plan;
- 25 (4) Each form of contract issued or proposed to be issued to subscribers to
26 the plan, together with a table of the rates charged, or proposed to be charged, to
27 subscribers for each form of such contract;
- 28 (5) Financial statement of the corporation, which shall include the amount
29 of each contribution paid or agreed to be paid to the corporation for working capital, the
30 name or names of each contributor and the terms of each contribution;
- 31 (6) A list of the names, addresses, and biographical information of the
32 members of the board of directors of the nonprofit health service plan; and
- 33 (7) Any other information or documents necessary for the Commissioner to
34 assure compliance with this subtitle.

35 (b) The Insurance Commissioner shall issue a certificate of authority or license to
36 each applicant upon [the payment of the fees provided for by § 41 of this article and
37 upon] being satisfied:

25

1 (1) That the applicant has been organized bona fide for the purpose of
2 establishing, maintaining and operating a nonprofit health service plan;

3 (2) That each contract executed, or proposed to be executed, by the
4 applicant and any hospital, physician, chiropodist, chiropractor, pharmacist, dentist,
5 psychologist, or optometrist, for the furnishing of hospital, medical, chiropodial,
6 chiropractic, pharmaceutical, dental, psychological, or optometric service to the
7 subscribers to the health service plan, obligates, or will when executed, obligate each
8 hospital, physician, chiropodist, chiropractor, pharmacist, dentist, psychologist, or
9 optometrist party thereto to render the service to which each subscriber may be entitled
10 under the terms and conditions of the various contracts issued, or proposed to be issued,
11 by the applicant to subscribers to the plan, and that each subscriber shall be entitled to
12 reimbursement for any such chiropodial, chiropractic, psychological, or optometric
13 service, whether the said service is performed by a doctor of medicine, duly licensed
14 chiropodist, chiropractor, duly licensed optometrist or duly licensed psychologist, as the
15 case may be;

16 (3) That each contract issued, or proposed to be issued, to subscribers to the
17 plan is in a form approved by the Insurance Commissioner, and that the rates charged, or
18 proposed to be charged, for each form of such contract are fair and reasonable; and

19 (4) That the applicant has a surplus, as defined in § 355A of this subtitle, of
20 the greater of:

21 (i) \$100,000; or

22 (ii) An amount equal to that required under § 355A of this subtitle.

23 356.

24 (a) No corporation subject to the provisions of this subtitle shall amend its
25 certificate of incorporation, its bylaws, or the terms and provisions of contracts issued, or
26 proposed to be issued, to subscribers of the plan, until such proposed amendments have
27 been first submitted to, and approved by, the Insurance Commissioner[, and payment
28 made of the fees provided for by § 41 of this article]; nor shall any change be made in the
29 table of rates charged, or proposed to be charged, to subscribers for any form of contract
30 issued or to be issued for hospital, medical, chiropodial, chiropractic, pharmaceutical,
31 dental, psychological, or optometric care until such proposed change has been submitted
32 to, and approved by, the Insurance Commissioner. Each amendment shall be on file for a
33 waiting period of 60 days before it becomes effective. When in the Commissioner's
34 opinion an amendment is not accompanied by the information needed to support it and
35 the Commissioner does not have sufficient information to determine whether the filing
36 meets the requirements of this section, the nonprofit health service plan shall be required
37 to furnish the needed information and in this event the waiting period shall be suspended
38 and shall recommence as of the date the information is furnished. Upon written
39 application by the nonprofit health service plan, the Commissioner may authorize an
40 amendment which he has reviewed to become effective before the expiration of the
41 waiting period or any extension thereof or at any later date. A filing shall be deemed
42 approved unless disapproved by the Commissioner within the waiting period or any
43 extension thereof. The Commissioner shall disapprove or modify the proposed change or
44 changes if the table of rates appears by statistical analysis and reasonable assumptions to

26

1 be excessive in relation to benefits, or if the form contains provisions which are unjust,
2 unfair, inequitable, inadequate, misleading, deceptive, or encourage misrepresentations
3 of the coverage. In determining whether to disapprove or modify the form or table of
4 rates, the Commissioner shall give due consideration to past and prospective loss
5 experience within and outside this State, to underwriting practice and judgment to the
6 extent appropriate, to a reasonable margin for reserve needs, to past and prospective
7 expenses both countrywide and those specifically applicable to this State, and to all other
8 relevant factors within and outside this State.

9 Upon the adoption of any such amendment or change, following its approval by the
10 Insurance Commissioner, such corporation shall file a copy thereof with the Insurance
11 Commissioner, duly certified to by at least two (2) of the executive officers of such
12 corporation.

13 357A.

14 (a) (1) On or before March 1 of each year, a nonprofit health service plan shall
15 file with the Commissioner a true statement of its financial condition, transactions, and
16 affairs for the immediately preceding calendar year.

17 (2) The statement shall:

18 (i) Contain the information required by the Commissioner; and

19 (ii) Be certified to by an independent certified public accountant.

20 (3) [The fee provided for by § 41 of this article shall be submitted at the
21 same time as the statement.

22 (4) Any nonprofit health service plan failing to file the statement required
23 under this subsection by March 10 shall forfeit:

24 (i) \$100 for each day up to and including March 10; and

25 (ii) \$150 for each day after March 10 until the statement is filed with
26 the Commissioner.

27 [(5)] (4) The Commissioner may extend the time for filing for good cause.

28 [(6)] (5) The penalties provided under paragraph [(4)(i)] (3)(I) of this
29 subsection do not apply if the nonprofit health service plan has obtained an extension
30 from the Commissioner for filing the required statement.

31 (6) IN ORDER TO MAINTAIN A CERTIFICATE OF AUTHORITY, A
32 NONPROFIT HEALTH SERVICE PLAN SHALL COMPLY WITH THE PROVISIONS OF §§ 41
33 THROUGH 41G OF THIS ARTICLE.

34 583.

35 [(d) On filing an application for a certificate of authority, the dental plan
36 organization shall pay a fee of \$200 to the Commissioner.]

27

1 585.

2 (c) A certificate of authority shall expire on [June 30] JULY 31 following the date
 3 of issuance or previous renewal. If the dental plan organization remains in compliance
 4 with this subtitle and [has paid a renewal fee of \$100] WITH §§ 41 THROUGH 41G OF
 5 THIS ARTICLE, its certificate shall be renewed.

6 609.

7 (f) The Commissioner [may]:

8 (1) [Require] MAY REQUIRE actuarial studies and audits to determine
 9 each group's financial solvency as often as the Commissioner considers desirable;

10 (2) [Assess each self-insurance group an annual sum of not more than \$500
 11 to be used for the actuarial studies and audits] SHALL REQUIRE THAT, AS A
 12 CONDITION OF THE COMMISSIONER'S APPROVAL OF ITS CONTINUED OPERATION IN
 13 THE STATE, EACH GROUP MUST PAY THE INSURANCE REGULATION FEE SET OUT
 14 UNDER §§ 41 THROUGH 41G OF THIS ARTICLE; and

15 (3) [Require] MAY REQUIRE an annual report that may include payroll
 16 audit reports, summary loss reports, and quarterly financial statements.

17 634.

18 [(a) Every life insurance company having its home office in this State shall be
 19 entitled to credit against the total amount of the taxes payable by it under this subtitle,
 20 the amount of fees paid by it in the preceding calendar year to the Insurance
 21 Commissioner of this State for valuing life insurance policies, but such credit shall not
 22 exceed 15% of the total amount of the taxes which would have been payable if the credit
 23 allowed by this section were not allowed.

24 (b) A person that is subject to the tax imposed under this subtitle may claim a
 25 credit against the tax for neighborhood and community assistance contributions as
 26 provided under Article 83B, § 4-704 of the Code.

27 637.

28 (d) (1) Subject to paragraph (2) of this subsection, if an insurer that is required
 29 under [§ 41A] § 41G of this article to pay a premium tax on or before the due date in
 30 immediately available funds fails to do so, the Commissioner shall assess interest and a
 31 penalty as provided under subsection (b) of this section on the unpaid premium tax from
 32 the date the tax is due to the date on which the funds from the tax payment become
 33 available to the State.

34 (2) The Commissioner may waive interest and penalties under this
 35 subsection on late payments if the insurer required to pay the premium tax proves that
 36 the insurer:

37 (i) Made a good faith effort to comply with the requirements of this
 38 subsection; and

39 (ii) Exercised due diligence to initiate payment correctly and on a
 40 timely basis.

28

1 (3) This subsection does not affect any requirement otherwise established by
2 law for the payment of premium taxes or [licensing fees] THE INSURANCE
3 REGULATION FEE by an insurer.

4 [640A.

5 (a) The Commissioner shall collect an annual fraud prevention fee as provided in
6 this subtitle.

7 (b) The fraud prevention fee is in addition to any fees, penalties, charges, or
8 premium taxes imposed under this article.]

9 [640B.

10 (a) (1) The fraud prevention fee is due and payable on or before October 1 of
11 each year.

12 (2) The Commissioner shall collect the fraud prevention fee.

13 (b) The total amount of the fraud prevention fee collected by the Commissioner
14 shall be deposited in the Insurance Fraud Division Fund for the sole purpose of funding
15 the activities of the Insurance Fraud Division.]

16 [640C.

17 The fraud prevention fee shall be:

18 (1) For each insurer or other entity authorized to operate in the State under
19 this article:

20 (i) In 1995, \$750; and

21 (ii) In 1996, and thereafter, \$1,000; and

22 (2) \$10 for each agent licensed by the Commissioner.]

23 [640D.

24 The Commissioner may adopt regulations to implement any provision of this
25 subtitle.]

26 722.

27 To add a name to a license or delete a name from a license, the licensee shall[:

28 (1) Submit] SUBMIT to the Commissioner the change in the form that the
29 Commissioner requires[; and

30 (2) Pay to the Commissioner a fee of \$10].

31 **Article - Health - General**

32 [19-709.

33 (a) When a health maintenance organization files its initial application for a
34 certificate of authority to operate, it shall pay to the Commissioner a fee of \$300.

29

1 (b) In addition to the fee required under subsection (a) of this section, each
2 health maintenance organization shall pay a reasonable sum that the Commissioner finds
3 to be the cost of the investigations made by the Commissioner and the Department as
4 required under this subtitle.]

5 19-711.

6 (a) Within 90 days after the filing of an application for a certificate of authority to
7 operate as a health maintenance organization, the Commissioner shall issue the
8 certificate of authority to the applicant if:

9 (1) The application conforms with § 19-708 of this subtitle;

10 (2) [The applicant has paid the fees required by § 19-709 of this subtitle;

11 (3)] The Department has advised in writing that the health maintenance
12 organization's proposed health-related services, operations, and functions that fall under
13 the regulatory jurisdiction of the Department appear to meet its requirements or are
14 approved by the Department; and

15 [(4)] (3) The Commissioner is satisfied that the requirements of § 19-710 of
16 this subtitle are met.

17 19-721.

18 (a) Unless previously suspended or revoked, each original and renewal certificate
19 of authority issued under this subtitle to a health maintenance organization expires at
20 midnight on the November 30 after its effective date.

21 (b) On payment of [an annual renewal fee of \$25] THE INSURANCE
22 REGULATION FEE REQUIRED UNDER ARTICLE 48A, §§ 41 THROUGH 41G OF THE
23 CODE by the health maintenance organization before the expiration date of its certificate
24 of authority, its certificate remains in effect until a new certificate of authority is issued or
25 specifically refused.

26 19-727.

27 (a) Except as provided in subsection (b) of this section, a health maintenance
28 organization is not exempted from any State, county, or local taxes solely because of this
29 subtitle.

30 (b) (1) Each health maintenance organization that is authorized to operate
31 under this subtitle is exempted from paying the premium tax imposed under Article 48A,
32 [§ 632] SUBTITLE 47 of the Code.

33 (2) Premiums received by an insurer under policies that provide health
34 maintenance organization benefits are not subject to the premium tax imposed under
35 Article 48A, [§ 632] SUBTITLE 47 of the Code to the extent:

36 (i) Of the amounts actually paid by the insurer to a nonprofit health
37 maintenance organization that operates only as a health maintenance organization; or

38 (ii) The premiums have been paid by that nonprofit health
39 maintenance organization.

30

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

3 **Article - Insurance**

4 2-110.

5 (a) As early in each fiscal year as is reasonably possible the Commissioner shall
6 prepare an annual report about the previous fiscal year that includes:

7 (1) a list of the authorized insurers transacting insurance business in the
8 State, with any summary of their financial statements that the Commissioner considers
9 appropriate;

10 (2) the name of each insurer whose business was closed during the year, the
11 cause of the closure, and the amount of assets and liabilities of the insurer that is
12 ascertainable;

13 (3) the name of each insurer against whom delinquency or similar
14 proceedings were initiated, a concise statement of facts about each delinquency or similar
15 proceeding, and the status of each proceeding;

16 (4) (I) a list of the rulings and decisions made in cases before the
17 Administration during the year; AND

18 (II) A STATEMENT OF THE AMOUNT OF THE INSURANCE
19 REGULATION FEE DEPOSITED INTO THE INSURANCE REGULATION FUND;

20 (5) a statement of all fees, taxes, and administrative fines and penalties
21 received by the Commissioner and deposited into the General Fund of the State;

22 (6) the ratio of complaints filed during the calendar year against each
23 insurer for each major line of insurance written by the insurer and a summary of the
24 resolution of the complaints;

25 (7) recommendations of the Commissioner about changes in the laws
26 affecting insurance and about matters affecting the Administration; and

27 (8) any other relevant information that the Commissioner considers proper.

28 [2-112.

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

32 (1) fees for certificates of authority:

33 (i) application fee for initial certificate of authority, including filing
34 the application, articles of incorporation and other charter documents, except as provided
35 in item (2) of this subsection, bylaws, financial statement, examination report, power of
36 attorney to the Commissioner, and all other documents and filings in connection with the
37 application.....\$1,000

38 (ii) fee for initial certificate of authority.....\$200

31

1 (iii) fee for annual renewal of certificate of authority for all foreign
2 insurers and for domestic insurers with their home or executive office in the State.....\$500

3 (iv) fee for annual renewal of certificate of authority for domestic
4 insurers with their home or executive office outside the State, except those domestic
5 insurers that had their home or executive office outside the State before January 1, 1929:

6 1. with premiums written in the most recent calendar year not
7 exceeding \$500,000.....\$2,500

8 2. with premiums written in the most recent calendar year not
9 exceeding \$1,000,000..... \$5,000

10 3. with premiums written in the most recent calendar year not
11 exceeding \$2,000,000.....\$7,000

12 4. with premiums written in the most recent calendar year not
13 exceeding \$5,000,000.....\$9,000

14 5. with premiums written in the most recent calendar year of
15 more than \$5,000,000.....\$11,000

16 (v) reinstatement of certificate of authority.....\$500

17 (2) fees for articles of incorporation of a domestic insurer or foreign insurer,
18 exclusive of fees required to be paid to the Department of Assessments and Taxation:

19 (i) fee for filing the articles of incorporation with the Commissioner
20 for approval.....\$25

21 (ii) fee for amendment of the articles of incorporation.....\$10

22 (3) fees for filing bylaws or amendments to bylaws with the
23 Commissioner.....\$10

24 (4) fees for certificates of qualification:

25 (i) agent certificate of qualification:

26 1. fee for initial certificate within 1 year of renewal.....\$25

27 2. fee for initial certificate over 1 year from renewal.....\$50

28 3. biennial renewal fee.....\$50

29 (ii) broker certificate of qualification:

30 1. fee for initial certificate within 1 year of renewal.....\$40

31 2. fee for initial certificate over 1 year from renewal.....\$80

32 3. biennial renewal fee.....\$80

33 (iii) application fee.....\$25

34 (iv) managing general agent certificate of qualification:

32

1 1. fee for initial certificate.....\$30

2 2. annual renewal fee.....\$30

3 (v) surplus lines broker certificate of qualification:

4 1. fee for initial certificate within 1 year of renewal.....\$100

5 2. fee for initial certificate over 1 year from renewal.....\$100

6 3. biennial renewal fee.....\$200

7 (5) fees for appointments:

8 (i) fee for filing notice of each initial appointment.....\$25

9 (ii) fee for filing notice of each termination.....\$25

10 (6) fee for temporary certificates of qualification and appointments:

11 (i) agents.....\$25

12 (ii) brokers.....\$40

13 (7) fee for approval by the Commissioner of continuing education

14 courses.....\$50

15 (8) fees for licenses:

16 (i) public adjuster license:

17 1. fee for initial license within 1 year of renewal.....\$25

18 2. fee for initial license over 1 year from renewal.....\$50

19 3. biennial renewal fee.....\$50

20 (ii) adviser license:

21 1. fee for initial license within 1 year of renewal.....\$100

22 2. fee for initial license over 1 year from renewal.....\$200

23 3. biennial renewal fee.....\$200

24 (9) fee for each insurance vending machine license, for each machine, every
25 second year.....\$50

26 (10) fees for valuing life insurance policies, other than group or credit:

27 (i) for the first \$14,000,000 of insurance or any fractional part of
28 insurance.....\$350

29 (ii) for each additional \$1,000,000 of insurance or any fractional part
30 of insurance.....\$25

31 (11) fees for valuing group life insurance policies other than credit, per

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32 million of insurance or any fractional part of insurance.....\$3

33

1 (12) fees for valuing individual and group credit life insurance policies, per
2 million of insurance or any fractional part of insurance.....\$12

3 (13) fees for valuing the reserve liabilities for outstanding annuity contracts,
4 per million of reserve or any fractional part of reserve.....\$25

5 (14) fees for filing the annual statement by an unauthorized insurer applying
6 for approval to become an accepted insurer or applying for approval to become an
7 accepted reinsurer or surplus lines carrier or both\$1,000

8 (15) fees for form and rate filings under §§ XX-XXX, XX-XXX, XX-XXX,
9 XX-XXX, XX-XXX, and XX-XXX of this article [48A §§ 242, 242A, 334, 356, 375, and
10 436H].....\$100

11 (16) service of legal process fee under §§ 3-318(b), 3-319(d), and 4-107 of
12 this article.....\$15

13 (b) A court may award reimbursement of a service of process fee imposed under
14 subsection (a)(16) of this section to a prevailing plaintiff in any proceeding against an
15 insurer or surplus lines broker.]

16 2-112.

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

19 (2) "INSURANCE PROFESSIONAL" MEANS AN AGENT, BROKER,
20 MANAGING GENERAL AGENT, SURPLUS LINES BROKER, PUBLIC ADJUSTER, OR
21 INSURANCE ADVISER WHO HAS A VALID CERTIFICATE OF QUALIFICATION.

22 (3) "CERTIFICATE OF QUALIFICATION" INCLUDES A LICENSE.

23 (B) (1) THE COMMISSIONER SHALL COLLECT THE FEES SET OUT IN THIS
24 SUBSECTION IN ADVANCE FROM THE PERSONS LISTED.

25 (2) INSURANCE PROFESSIONALS:

26 (I) ORIGINAL CERTIFICATE OF QUALIFICATION WITHIN 1 YEAR
27 OF RENEWAL.....\$ 45.00

28 (II) ORIGINAL CERTIFICATE OF QUALIFICATION OVER 1 YEAR
29 FROM RENEWAL.....\$ 70.00

30 (III) BIENNIAL RENEWAL OR CONTINUATION OF CERTIFICATE OF
31 QUALIFICATION.....\$ 70.00

32 (3) TEMPORARY CERTIFICATES OF QUALIFICATION:

33 (I) AGENTS.....\$ 45.00

34 (II) BROKERS.....\$ 60.00

35 (4) SERVICE OF LEGAL PROCESS UNDER §§ 3-318(B) AND 4-107 OF THIS
36 ARTICLE.....\$ 15.00

34

1 (5) COPIES OF DOCUMENTS ON FILE IN THE COMMISSIONER'S OFFICE
2 PER PAGE.....\$ 0.25

3 (C) A COURT MAY AWARD REIMBURSEMENT OF A SERVICE OF PROCESS FEE
4 IMPOSED UNDER SUBSECTION (B)(4) OF THIS SECTION TO A PREVAILING PLAINTIFF
5 IN ANY PROCEEDING AGAINST AN INSURER OR SURPLUS LINES BROKER.

6 2-113.

7 (a) Subject to the approval of the Treasurer, the Commissioner may provide by
8 regulation for the payment of unpaid premium taxes or [fees] THE UNPAID INSURANCE
9 REGULATION FEE owed by an insurer in funds that are immediately available to the
10 State on the date that the payment is due if the total of the unpaid premium taxes or fees
11 is at least \$20,000.

12 [2-114.

13 (a) Except as provided in subsections (b) and (c) of this section, the
14 Commissioner shall pay all money collected under this article into the General Fund of
15 the State.

16 (b) The Commissioner shall pay all money collected for travel expenses and living
17 expense allowance under § 2-208(1) of this article into a special revolving fund held by
18 the Comptroller for the sole purpose of paying the costs of examinations of insurers.

19 (c) The following moneys may not be considered general funds of the State and
20 shall be deposited in the Insurance Fraud Division Fund:

21 (1) revenue derived from the annual fraud prevention fee under § X-XXX
22 [48A § 640B] of this article; and

23 (2) income from investments that the State Treasurer makes for the
24 Insurance Fraud Division Fund.]

25 2-114.

26 (A) THE FOLLOWING MONEYS SHALL BE CONSIDERED GENERAL FUNDS OF
27 THE STATE:

28 (1) ALL REVENUE RECEIVED UNDER TITLE 6, SUBTITLE 1 OF THIS
29 ARTICLE;

30 (2) ALL REVENUE RECEIVED UNDER §§ X-XXX [(48A § 61)], 3-324, AND
31 4-209 OF THIS ARTICLE; AND

32 (3) ALL PENALTIES IMPOSED BY THE COMMISSIONER, INCLUDING
33 PENALTIES IMPOSED UNDER:

34 (I) SECTIONS 4-113(D), 4-212, 10-126(C), 14-140, 23-208, AND 23-506 OF
35 THIS ARTICLE;

36 (II) TITLE 11, SUBTITLE 2 OF THIS ARTICLE;

37 (III) TITLE 26 OF THIS ARTICLE;

35

1 (IV) TITLE 27, SUBTITLE 3 OF THIS ARTICLE; AND

2 (V) TITLE 19, SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE.

3 (B) THE FOLLOWING MONEYS MAY NOT BE CONSIDERED GENERAL FUNDS
4 OF THE STATE AND SHALL BE DEPOSITED INTO THE INSURANCE REGULATION
5 FUND:

6 (1) ALL REVENUE RECEIVED THROUGH THE IMPOSITION OF THE
7 INSURANCE REGULATION FEE;

8 (2) ALL REVENUE FROM THE IMPOSITION OF FEES ON PERSONS OTHER
9 THAN INSURERS; AND

10 (3) INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES
11 FOR THE FUND.

12 2-208.

13 The expense incurred in an examination made under § 2-205 of this subtitle, §
14 2-206 of this subtitle for surplus lines brokers [and insurance holding corporations,] or §
15 23-207 of this article for premium finance companies shall be paid by the person
16 examined in the following manner:

17 (1) the person examined shall pay to the Commissioner the travel expenses,
18 a living expense allowance, and a per diem as compensation for examiners, actuaries, and
19 typists:

20 (i) to the extent incurred for the examination; and

21 (ii) at reasonable rates set by the Commissioner;

22 (2) the Commissioner may present a detailed account of expenses incurred
23 to the person examined periodically during the examination or at the end of the
24 examination, as the Commissioner considers proper; and

25 (3) a person may not pay and an examiner may not accept any compensation
26 for an examination in addition to the compensation under paragraph (1) of this section.

27 2-401.

28 (a) In this subtitle the following words have the meanings indicated.

29 (B) "ACCOUNT" MEANS THE INSURANCE FRAUD DIVISION ACCOUNT.

30 [(b)] (C) "Fraud Division" means the Insurance Fraud Division in the
31 Administration.

32 [(c) "Fund" means the Insurance Fraud Division Fund.]

33 (d) "Insurance fraud" means:

34 (1) a violation of Title 27, Subtitle 4 of this article;

35 (2) theft, as set out under Article 27, §§ 340 through 342 of the Code:

36

1 (i) from a person regulated under this article; or

2 (ii) by a person regulated under this article or an officer, director,
3 agent, or employee of a person regulated under this article; or

4 (3) any other fraudulent activity set out under Article 27 of the Code that is
5 committed by or against a person regulated under this article.

6 2-402.

7 (b) Funding for the Fraud Division shall be as provided in the State budget.

8 2-407.

9 (a) There is an Insurance Fraud Division [Fund] ACCOUNT.

10 (b) The purpose of the [Fund] ACCOUNT is to pay all costs and expenses
11 incurred by the Administration related to the operation of the Fraud Division, including
12 the costs of State employees specifically assigned to the Fraud Division by the Office of
13 the Attorney General and Department of State Police.

14 (c) The [Fund] ACCOUNT shall consist of:

15 (1) [the fees] THAT PORTION OF THE REGULATION FEE collected and
16 deposited in the [Fund] ACCOUNT by the Commissioner under [§ 6-202] § 2-504(C) of
17 this [article] TITLE; and

18 (2) income from investments that the State Treasurer makes for the [Fund]
19 PORTION OF THE REGULATORY FEE DEPOSITED IN THE ACCOUNT.

20 (d) (1) All costs and expenses of the Fraud Division shall be included in the
21 State budget.

22 (2) Expenditures from the [Fund] ACCOUNT to cover costs and expenses
23 of the Fraud Division may only be made:

24 (i) pursuant to an appropriation approved by the General Assembly in
25 the annual State budget; or

26 (ii) by the budget amendment procedure provided for in [§ 7-109] §
27 7-209 of the State Finance and Procurement Article.

28 [(e) (1) The State Treasurer is the custodian of the Fund.

29 (2) The Fund shall be invested and reinvested in the same manner as State
30 funds.

31 (3) The State Treasurer shall deposit payments received from the
32 Commissioner into the Fund.

33 (f) (1) The Fund is a continuing, nonlapsing fund and is not subject to § 7-302
34 of the State Finance and Procurement Article, and may not be deemed a part of the
35 General Fund.

36 (2) No part of the Fund may revert or be credited to:

37

1 (i) the General Fund of the State; or

2 (ii) a special fund of the State.]

3 SUBTITLE 5. INSURANCE REGULATION FEE.

4 2-501.

5 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
6 INDICATED.

7 (B) "FUND" MEANS THE INSURANCE REGULATION FUND.

8 (C) (1) "INSURER" MEANS AN INSURER OR OTHER ENTITY AUTHORIZED TO
9 ENGAGE IN BUSINESS IN THE STATE UNDER A CERTIFICATE OF AUTHORITY OR
10 LICENSE ISSUED BY THE COMMISSIONER.

11 (2) "INSURER" INCLUDES:

12 (I) A HEALTH MAINTENANCE ORGANIZATION OPERATING UNDER
13 A CERTIFICATE OF AUTHORITY ISSUED BY THE COMMISSIONER UNDER TITLE 19,
14 SUBTITLE 7 OF THE HEALTH - GENERAL ARTICLE;

15 (II) A NONPROFIT HEALTH SERVICE PLAN OPERATING UNDER
16 TITLE 14, SUBTITLE 1 OF THIS ARTICLE;

17 (III) A DENTAL PLAN REGULATED UNDER TITLE 14, SUBTITLE 4 OF
18 THIS ARTICLE;

19 (IV) A FRATERNAL BENEFIT SOCIETY REGULATED UNDER TITLE 8,
20 SUBTITLE 4 OF THIS ARTICLE;

21 (V) A RECIPROCAL INSURER;

22 (VI) THE MARYLAND AUTOMOBILE INSURANCE FUND; AND

23 (VII) A SELF-INSURANCE GROUP OPERATING UNDER TITLE 25,
24 SUBTITLE 3 OF THIS ARTICLE.

25 (D) (1) "PREMIUMS" HAS THE MEANING STATED IN § 1-101 OF THIS ARTICLE.

26 (2) "PREMIUMS" INCLUDES ANY AMOUNTS PAID TO A HEALTH
27 MAINTENANCE ORGANIZATION AS COMPENSATION ON A PREDETERMINED
28 PERIODIC RATE BASIS FOR PROVIDING TO MEMBERS THE SERVICES SPECIFIED
29 UNDER §§ 19-701(D)(2) AND 19-706(E) OF THE HEALTH - GENERAL ARTICLE.

30 2-502.

31 (A) THE COMMISSIONER SHALL COLLECT AN ANNUAL INSURANCE
32 REGULATION FEE AS PROVIDED IN § 2-503 OF THIS SUBTITLE.

33 (B) THE INSURANCE REGULATION FEE IS:

34 (1) EXCEPT WHERE SPECIFIED IN LAW, IN LIEU OF ALL OTHER FEES
35 IMPOSED ON INSURERS;

38

1 (2) IN ADDITION TO ANY PENALTIES OR PREMIUM TAX IMPOSED
2 UNDER THIS ARTICLE; AND

3 (3) DUE AND PAYABLE BY AN INSURER ON OR BEFORE JULY 31 OF
4 EACH YEAR.

5 (C) THE TOTAL AMOUNT OF THE INSURANCE REGULATION FEE COLLECTED
6 BY THE COMMISSIONER SHALL BE DEPOSITED IN THE FUND.

7 2-503.

8 (A) (1) THE TOTAL INSURANCE REGULATION FEE IS APPORTIONED IN
9 RELATION TO THE BURDEN ON THE STATE TO ADEQUATELY AND APPROPRIATELY
10 REGULATE THE INSURANCE BUSINESS ENGAGED IN BY INSURERS WITHIN THE
11 STATE.

12 (2) THE INSURANCE REGULATION FEE MAY NOT BE CONSTRUED AS A
13 LEVY OR EXCISE ON PREMIUMS FOR THE PURPOSE OF RAISING GENERAL REVENUE
14 FOR THE STATE.

15 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IN ORDER TO
16 PROPERLY REFLECT THE REGULATORY BURDEN IMPOSED BY EACH INSURER
17 ENGAGED IN THE INSURANCE BUSINESS IN THE STATE, THE INSURANCE
18 REGULATION FEE SHALL BE EXPRESSED AS A PERCENTAGE OF ALL NEW AND
19 RENEWAL GROSS DIRECT PREMIUMS WRITTEN BY AN INSURER SUBJECT TO THE
20 INSURANCE REGULATION FEE DURING THE IMMEDIATELY PRECEDING CALENDAR
21 YEAR.

22 (2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OF THIS
23 PARAGRAPH, THE MINIMUM INSURANCE REGULATION FEE SHALL BE \$2,500.

24 (II) FOR FRATERNAL BENEFIT SOCIETIES AND WORKERS'
25 COMPENSATION SELF-INSURANCE GROUPS, THE MINIMUM INSURANCE
26 REGULATION FEE SHALL BE \$1,500.

27 (C) IN DETERMINING PREMIUMS SUBJECT TO THE INSURANCE REGULATION
28 FEE, THE FOLLOWING DEDUCTIONS SHALL BE MADE FROM GROSS DIRECT WRITTEN
29 PREMIUMS:

30 (1) RETURNED PREMIUMS, BUT NOT INCLUDING SURRENDER VALUES;

31 (2) RETURNS OR REFUNDS MADE OR CREDITED TO POLICYHOLDERS
32 BECAUSE OF RETROSPECTIVE RATINGS OR SAFE DRIVER AWARDS; AND

33 (3) ANY OTHER DEDUCTION THAT THE COMMISSIONER CONSIDERS
34 REASONABLE.

35 (D) THE BASE ASSESSMENT RATE SHALL EQUAL THE FRACTION OBTAINED
36 BY DIVIDING THE TOTAL REGULATORY COST BY THE TOTAL AMOUNT OF NEW AND
37 RENEWAL GROSS DIRECT PREMIUMS WRITTEN IN THE STATE BY ALL INSURERS.

38 (E) THE INSURANCE REGULATION FEE CHARGED TO EACH INSURER SHALL
39 EQUAL THE PRODUCT OF MULTIPLYING THE INSURER'S GROSS DIRECT WRITTEN
40 PREMIUMS BY THE BASE ASSESSMENT RATE.

39

1 2-504.

2 (A) THERE IS AN INSURANCE REGULATION FUND THAT CONSISTS OF:

3 (1) ALL REVENUE RECEIVED THROUGH THE IMPOSITION OF THE
4 INSURANCE REGULATION FEE;

5 (2) ALL REVENUE FROM THE IMPOSITION OF ALL OTHER FEES
6 SPECIFIED AGAINST PERSONS OR ENTITIES OTHER THAN INSURERS UNDER THIS
7 ARTICLE; AND

8 (3) INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES
9 FOR THE FUND.

10 (B) THE PURPOSE OF THE FUND IS TO PAY ALL THE COSTS AND EXPENSES
11 INCURRED BY THE ADMINISTRATION RELATED TO THE REGULATION OF THE
12 INSURANCE ACTIVITIES OF ALL INSURERS THAT ENGAGE IN BUSINESS IN THE
13 STATE.

14 (C) (1) ALL THE COSTS AND EXPENSES OF THE ADMINISTRATION SHALL BE
15 INCLUDED IN THE STATE BUDGET.

16 (2) ANY EXPENDITURES FROM THE FUND TO COVER COSTS AND
17 EXPENSES OF THE ADMINISTRATION MAY ONLY BE MADE:

18 (I) PURSUANT TO AN APPROPRIATION APPROVED BY THE
19 GENERAL ASSEMBLY IN THE ANNUAL STATE BUDGET; OR

20 (II) BY THE BUDGET AMENDMENT PROCEDURE PROVIDED FOR IN
21 § 7-209 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

22 (3) IN ANY GIVEN YEAR, IF THE AMOUNT OF THE INSURANCE
23 REGULATION FEE COLLECTED BY THE COMMISSIONER AND DEPOSITED INTO THE
24 FUND EXCEEDS THE ACTUAL EXPENDITURES PURSUANT TO APPROPRIATIONS FOR
25 THE ADMINISTRATION, THE EXCESS AMOUNT SHALL BE CARRIED FORWARD FOR
26 THE PURPOSE OF REDUCING THE INSURANCE REGULATION FEE IMPOSED BY THE
27 ADMINISTRATION FOR THE FOLLOWING FISCAL YEAR.

28 (4) THE AMOUNT APPROPRIATED FOR THE OPERATION OF THE FRAUD
29 DIVISION:

30 (I) SHALL BE SEGREGATED FROM THE REMAINING MONEYS IN
31 THE FUND INTO A SEPARATE FRAUD DIVISION ACCOUNT;

32 (II) SHALL BE USED ONLY FOR THE OPERATION OF THE FRAUD
33 DIVISION; AND

34 (III) MAY NOT BE TRANSFERRED TO FUND ANY OTHER
35 OPERATIONS OF THE ADMINISTRATION.

36 (D) (1) THE STATE TREASURER IS THE CUSTODIAN OF THE FUND.

37 (2) THE STATE TREASURER SHALL DEPOSIT PAYMENTS RECEIVED
38 FROM THE COMMISSIONER INTO THE FUND.

40

1 (E) (1) THE FUND IS A CONTINUING, NONLAPSING FUND AND IS NOT
2 SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, AND MAY
3 NOT BE DEEMED A PART OF THE GENERAL FUND OF THE STATE.

4 (2) NO PART OF THE FUND MAY REVERT OR BE CREDITED TO:

5 (I) THE GENERAL FUND OF THE STATE; OR

6 (II) A SPECIAL FUND OF THE STATE, UNLESS OTHERWISE
7 PROVIDED BY LAW.

8 (3) THE STATE TREASURER SHALL DEPOSIT PAYMENTS RECEIVED
9 FROM THE COMMISSIONER INTO THE FUND.

10 2-505.

11 (A) (1) ON OR BEFORE MARCH 1 OF EACH YEAR, EACH INSURER SUBJECT
12 TO THIS SUBTITLE SHALL FILE WITH THE COMMISSIONER A REPORT OF NEW AND
13 RENEWAL GROSS DIRECT PREMIUMS.

14 (2) THE REPORT SHALL BE FILED IN A MANNER AND CONTAIN THE
15 INFORMATION REQUIRED BY THE COMMISSIONER.

16 (B) FAILURE BY AN INSURER TO PAY THE INSURANCE REGULATION FEE ON
17 OR BEFORE JULY 31 OF EACH YEAR SHALL SUBJECT THE INSURER TO THE
18 PROVISIONS OF §§ 4-113 AND 4-114 OF THIS ARTICLE.

19 (C) (1) IF ADDITIONAL AMOUNTS ARE FOUND TO BE DUE AFTER A REPORT
20 HAS BEEN FILED, THE AMOUNTS SHALL BE SUBJECT TO INTEREST AT 6 % PER YEAR
21 FROM THE TIME THE FEE WAS DUE UNTIL PAYMENT IS ACTUALLY MADE TO THE
22 COMMISSIONER.

23 (2) THE COMMISSIONER MAY WAIVE INTEREST UNDER THIS
24 SUBSECTION ON LATE PAYMENTS IF THE INSURER PROVES THAT IT:

25 (I) MADE A GOOD FAITH EFFORT TO COMPLY WITH THE
26 REQUIREMENTS OF THIS SECTION; AND

27 (II) EXERCISED DUE DILIGENCE TO INITIATE PAYMENT
28 CORRECTLY AND ON A TIMELY BASIS.

29 (D) THIS SECTION DOES NOT AFFECT ANY REQUIREMENT OTHERWISE
30 ESTABLISHED BY LAW FOR THE PAYMENT OF PREMIUM TAXES BY AN INSURER.

31 2-506.

32 THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT ANY
33 PROVISION OF THIS SUBTITLE.

34 3-204.

35 [(c) When applying for a certificate of authority, the proposed attorney in fact
36 shall pay to the Commissioner the applicable fee required by § 2-112 of this article.]

41

1 3-206.

2 [After payment of the applicable fee required by § 2-112 of this article, the] THE
3 Commissioner shall issue to the attorney in fact of each reciprocal insurer that meets the
4 requirements of this subtitle a certificate of authority in the name of the reciprocal
5 insurer.

6 3-207.1.

7 (A) THE CERTIFICATE OF AUTHORITY OF A RECIPROCAL INSURER SHALL
8 EXPIRE ON JULY 31 AND MAY BE RENEWED ANNUALLY.

9 (B) UPON SUBMISSION BY THE RECIPROCAL INSURER OF AN APPLICATION
10 FOR RENEWAL AND PAYMENT OF THE INSURANCE REGULATION FEE UNDER § 2-502
11 OF THIS ARTICLE BEFORE THE EXPIRATION DATE OF A CERTIFICATE OF
12 AUTHORITY, THE SAME SHALL REMAIN IN EFFECT UNTIL A NEW CERTIFICATE OF
13 AUTHORITY IS ISSUED OR SPECIFICALLY REFUSED.

14 4-112.

15 (a) A certificate of authority expires on the first [June 30] JULY 31 after its
16 effective date unless it is renewed as provided in this section.

17 (e) (1) An insurer shall mail a renewal application and the [applicable renewal
18 fee] INSURANCE REGULATION FEE UNDER § 2-502 OF THIS ARTICLE on or before
19 [June 30] JULY 31. An insurer that fails to renew its certificate of authority on or before
20 [June 30] JULY 31 shall forfeit:

21 (i) \$500 for each day from [July 1 through July 10] AUGUST 1
22 THROUGH AUGUST 10;

23 (ii) \$1,000 for each day from [July 11 through July 31] AUGUST 11
24 THROUGH AUGUST 31; and

25 (iii) \$5,000 for each day after [July 31] AUGUST 31.

26 (2) In addition to the provisions imposed under paragraph (1) of this
27 subsection, an insurer that fails to renew its certificate of authority on or before [June
28 30] JULY 31 in the previous year shall:

29 (i) renew its certificate of authority on or before [June 1] JULY 1 of
30 the current year; and

31 (ii) forfeit \$3,000 if the insurer fails to renew its certificate of authority
32 on or before [June 30] JULY 31 in the current year.

33 (3) In addition to the monetary penalties imposed under this subsection, on
34 [July 1] AUGUST 1 of each year, for each insurer that fails to file its renewal application
35 and [continuation fee] INSURANCE REGULATION FEE on or before [June 30] JULY 31,
36 the Commissioner may:

37 (i) order that the insurer cease and desist from engaging further from
38 the writing of insurance in this State in accordance with § 55 of this article; or

42

1 (ii) issue an order to require the insurer to show cause why it should
2 be allowed to continue to engage in the insurance business in the State.

3 6-105.

4 [(a) (1) A life insurer with its home office in the State is entitled to credit against
5 the total amount of taxes payable by the life insurer under this subtitle, the amount of
6 fees paid to the Commissioner by the life insurer in the preceding calendar year for
7 valuing life insurance policies.

8 (2) The credit allowed under this subsection may not exceed 15% of the
9 total amount of the taxes that would have been payable if the credit were not allowed.

10 (b) A person that is subject to taxation under this subtitle may claim a tax credit
11 against the tax imposed for neighborhood and community assistance contributions as
12 provided under Article 83B, § 11-1004 of the Code.

13 [Subtitle 2. Fraud Prevention Fee.]

14 [6-201.

15 (a) The Commissioner shall collect an annual fraud prevention fee as provided in
16 this subtitle.

17 (b) The fraud prevention fee is in addition to any fees, penalties, charges, or
18 premium taxes imposed under this article.]

19 [6-202.

20 (a) (1) The fraud prevention fee is due and payable on or before October 1 of
21 each year.

22 (2) The Commissioner shall collect the fraud prevention fee.

23 (b) The total amount of the fraud prevention fee collected by the Commissioner
24 shall be deposited in the Insurance Fraud Division Fund for the sole purpose of funding
25 the activities of the Insurance Fraud Division.]

26 [6-203.

27 The fraud prevention fee shall be:

28 (1) for each insurer or other entity authorized to operate in the State under
29 this article:

30 (i) in 1995, \$750; and

31 (ii) in 1996, and thereafter, \$1,000; and

32 (2) \$10 for each agent licensed by the Commissioner.]

33 [6-204.

34 The Commissioner may adopt regulations to implement any provision of this
35 subtitle.]

43

1 8-403.

2 (b) (1) In addition to the provisions of this subtitle, the following provisions of
 3 this article apply to societies to the extent not in conflict with the express provisions and
 4 reasonable implications of this subtitle:

5 (i) Title 1 of this article ("Definitions; General Provisions");

6 (ii) Title 2, Subtitle 1 of this article ("Organization of Administration;
 7 General Powers and Duties of Commissioner"), including [§ 2-112 of this article
 8 ("Fees")] §§ 2-112 AND 2-113 OF THIS ARTICLE;

9 (iii) Title 2, Subtitle 2 of this article ("Enforcement");

10 (IV) TITLE 2, SUBTITLE 5 OF THIS ARTICLE;

11 [(iv)] (V) § 3-117 of this article ("Loans to and guarantees of
 12 obligations of directors and officers");

13 [(v)] (VI) § 3-127 of this article ("Sale of securities");

14 [(vi)] (VII) § 4-102(b) of this article ("Name of insurer");

15 [(vii)] (VIII) § 4-113(a)(7), (8), and (9) of this article ("Mandatory
 16 grounds");

17 [(viii)] (IX) § 4-203 of this article ("Representing or helping
 18 unauthorized insurer prohibited");

19 [(ix)] (X) § 4-204 of this article ("Advertisement of unauthorized
 20 insurers");

21 [(x)] (XI) § 5-103 of this article ("Liabilities");

22 [(xi)] (XII) § 5-201 of this article ("Reserve requirements for life
 23 insurer, nonprofit health service plan, and fraternal benefit society");

24 [(xii)] (XIII) Title 9, Subtitle 2 of this article ("Conservation,
 25 Rehabilitation, and Liquidation of Insurers");

26 [(xiii)] (XIV) § 10-120 of this article ("Temporary certificates");

27 [(xiv)] (XV) Title 14, Subtitle X of this article (48A, §§ 468B through
 28 468GB; "Medicare Supplement Act");

29 [(xv)] (XVI) Title XX of this article (48A, Subtitle 15; "Unfair Trade
 30 Practices"); and

31 [(xvi)] (xvii) § XX-XXX of this article (48A, § 12; "General penalty").

32 8-405.

33 [(a) A] EXCEPT AS PROVIDED IN TITLE 2 OF THIS ARTICLE, EVERY society
 34 organized or authorized to transact business under this subtitle is deemed to be a
 35 charitable and benevolent institution[.

44

1 (b) The] AND THE funds of a society organized or authorized to transact business
2 under this subtitle are exempt from all taxes, except taxes on real estate and office
3 equipment.

4 8-423.

5 (a) A certificate of authority of a society expires on the first [June 30] JULY 31
6 after its effective date unless it is renewed as provided in this section.

7 (d) (2) If a certificate holder [pays the applicable renewal fee] APPLIES FOR
8 RENEWAL AND PAYS THE INSURANCE REGULATION FEE UNDER § 2-502 OF THIS
9 ARTICLE before the certificate of authority expires, the certificate of authority remains in
10 effect until the Commissioner renews or refuses to renew the certificate of authority.

11 8-444.

12 (a) Each society transacting insurance business in the State shall:

13 (1) file with the Commissioner an annual statement as provided in § 4-116
14 of this article; AND

15 (2) [pay to the Commissioner a fee of \$25 for filing the annual statement;
16 and

17 (3)] prepare a synopsis of the annual statement that explains the condition of
18 the society as disclosed by the annual statement.

19 8-450.

20 An applicant for a certificate of qualification shall:

21 (1) file with the Commissioner an application on the form that the
22 Commissioner provides; and

23 (2) pay to the Commissioner [a biennial fee] THE BIENNIAL FEE
24 REQUIRED UNDER § 2-112 OF THIS ARTICLE .

25 8-451.

26 [(d) The examination fee is \$15 for each examination.]

27 8-456.

28 (a) When a society doing business in the State makes or terminates an
29 appointment of a fraternal benefit agent, the society immediately shall[:

30 (1)] file with the Commissioner written notice of the appointment or
31 termination[; and

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

33 8-461.

34 [(d) The expense of each examination or of each valuation, including the
35 compensation and expenses of examiners, shall be paid by the society examined or the
36 society whose certificates are valued, on statements provided by the Commissioner.]

45

1 8-462.

2 [(d) The compensation and expenses of the examiners making an examination or
3 valuation shall be paid by the society examined or the society whose certificate obligations
4 are valued, on statements provided by the Commissioner.]

5 8-510.

6 To add a name to or delete a name from a license, the licensee shall[:

7 (1) submit to the Commissioner the change in the form that the
8 Commissioner requires]; and

9 (2) pay to the Commissioner a fee of \$10].

10 10-112.

11 (a) An applicant for a certificate of qualification as an agent or broker shall:

12 (1) file with the Commissioner the appropriate application on the form that
13 the Commissioner provides;

14 (2) pay to the Commissioner the applicable fee required by § 2-112 of this
15 article for an agent certificate of qualification or a broker certificate of qualification;

16 (3) [(i)] file with the Commissioner on the form that the Commissioner
17 provides:

18 [1.] (I) any agency or trade name to be used by the applicant;

19 [2.] (II) the business address of the applicant; and

20 [3.] (III) the name and residence address of each individual who
21 holds a certificate of qualification and does business under the agency or trade name;
22 [and

23 (ii) pay to the Commissioner the fee required by § 2-112 of this article
24 for filing a trade name;]

25 (4) submit to the Commissioner an affidavit from the employer of the
26 applicant stating facts that show compliance with the applicable requirements of §
27 10-104(c)(2) or (3) of this subtitle, if the applicant qualifies by meeting the experience
28 requirements of § 10-104(c)(2) or (3) of this subtitle; and

29 (5) submit to the Commissioner any additional information or
30 documentation that the Commissioner requires, including any information or
31 documentation to determine the professional competence, good character, and
32 trustworthiness of the applicant.

33 10-117.

34 To change, add to, or delete from a certificate of qualification, the agent or broker
35 shall[:

36 (1) file with the Commissioner in the form that the Commissioner requires
37 the change or addition to or deletion from the certificate of qualification]; and

46

1 (2) pay to the Commissioner the fee required by § 2-112 of this article for
2 each change, addition, or deletion].

3 10-118.

4 (a) (1) When an insurer doing business in the State makes or terminates an
5 appointment, the insurer immediately shall file notice of the appointment or termination
6 and the reasons for the termination in the manner specified by the Commissioner.

7 (2) [Each notice of appointment and termination shall be accompanied by
8 the applicable fee required by § 2-112 of this article.

9 (3) A disclosure to the Commissioner relative to the termination and date
10 and cause of the termination is a privileged communication and may not be used as
11 evidence in a court proceeding other than an appeal from an action of the Commissioner.

12 10-204.

13 (e) (1) [Before taking the examination required under subsection (d) of this
14 section, an applicant shall pay the application fee required by § 2-112 of this article.

15 (2) After an applicant has been notified that the applicant has passed the
16 examination, the applicant shall pay the applicable license fee required by § 2-112 of this
17 article.

18 [(3) (2) An applicant who is not required to take an examination shall pay
19 the applicable license fee required by § 2-112 of this article.

20 10-404.

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

24 (ii) [An applicant shall pay the application fee required by § 2-112 of
25 this article.

26 (iii) After an applicant has been notified that the applicant has passed
27 the examination or is otherwise eligible to be licensed, the applicant shall pay the
28 applicable license fee required by § 2-112 of this article.

29 (2) The examination requirement of paragraph (1) of this subsection does
30 not apply to an individual who was licensed as a public adjuster in the State on June 30,
31 1985.

32 14-102.

33 A corporation without capital stock organized for the purpose of establishing,
34 maintaining, and operating a nonprofit health service plan through which health care
35 providers provide health care services to subscribers to the plan under contracts that
36 entitle each subscriber to certain health care services shall be governed and regulated by:

37 (1) this subtitle;

47

1 (2) Title 2, INCLUDING §§ 2-112 AND 2-113 AND SUBTITLE 5 OF TITLE 2,
2 and §§ 1-206, 3-127, and 12-210 of this article;

3 (3) §§ 4-113 and 4-114 of this article;

4 (4) Title 5, Subtitles 1, 2, 3, 4, and 5 of this article;

5 (5) Title 7 of this article, except for § 7-706 and Subtitle 2 of Title 7;

6 (6) Title 9, Subtitles 1, 2, and 4 of this article;

7 (7) Title 10, Subtitle 1 of this article;

8 (8) Title 27 of this article; and

9 (9) any other provision of this article that:

10 (i) is expressly referred to in this subtitle;

11 (ii) expressly refers to this subtitle; or

12 (iii) expressly refers to nonprofit health service plans or persons subject
13 to this subtitle.

14 14-109.

15 An applicant for a certificate of authority shall:

16 (1) file with the Commissioner an application on the form that the
17 Commissioner provides containing the information that the Commissioner considers
18 necessary; AND

19 (2) [pay to the Commissioner the applicable fee required by § 2-112 of this
20 article; and

21 (3)] file with the Commissioner copies of the following documents, certified
22 by at least two of the executive officers of the corporation:

23 (i) articles of incorporation with all amendments;

24 (ii) bylaws with all amendments;

25 (iii) each contract executed or proposed to be executed by the
26 corporation and a health care provider, embodying the terms under which health care
27 services are to be furnished to subscribers to the plan;

28 (iv) each form of contract issued or proposed to be issued to
29 subscribers to the plan and a table of the rates charged or proposed to be charged to
30 subscribers for each form of contract;

31 (v) a financial statement of the corporation, including the amount of
32 each contribution paid or agreed to be paid to the corporation for working capital, the
33 name of each contributor, and the terms of each contribution;

34 (vi) a list of the names and addresses of and biographical information
35 about the members of the board of directors of the nonprofit health service plan; and

48

1 (vii) any other information or documents that the Commissioner
2 considers necessary to ensure compliance with this subtitle.

3 14-110.

4 The Commissioner shall issue a certificate of authority to an applicant if[:

5 (1) the applicant has paid the applicable fee required by § 2-112 of this
6 article; and

7 (2)] the Commissioner is satisfied:

8 [(i)] (1) that the applicant has been organized in good faith for the
9 purpose of establishing, maintaining, and operating a nonprofit health service plan;

10 [(ii)] (2) that:

11 [1.] (I) each contract executed or proposed to be executed by
12 the applicant and a health care provider to furnish health care services to subscribers to
13 the nonprofit health service plan, obligates or, when executed, will obligate each health
14 care provider party to the contract to render the health care services to which each
15 subscriber is entitled under the terms and conditions of the various contracts issued or
16 proposed to be issued by the applicant to subscribers to the plan; and

17 [2.] (II) each subscriber is entitled to reimbursement for
18 podiatric, chiropractic, psychological, or optometric services, regardless of whether the
19 service is performed by a licensed physician, licensed podiatrist, licensed chiropractor,
20 licensed psychologist, or licensed optometrist;

21 [(iii)] (3) that:

22 [1.] (I) each contract issued or proposed to be issued to
23 subscribers to the plan is in a form approved by the Commissioner; and

24 [2.] (II) the rates charged or proposed to be charged for each
25 form of each contract are fair and reasonable; and

26 [(iv)] (4) that the applicant has a surplus, as defined in § 14-117 of this
27 subtitle, of the greater of:

28 [1.] (I) \$100,000; and

29 [2.] (II) an amount equal to that required under § 14-117 of
30 this subtitle.

31 14-121.

32 (a) (1) On or before March 1 of each year, unless the Commissioner extends the
33 time for good cause, each nonprofit health service plan shall file with the Commissioner
34 a complete statement of its financial condition, transactions, and affairs for the
35 immediately preceding calendar year.

36 (2) The annual statement shall contain the information required by the
37 Commissioner and be certified by an independent certified public accountant.

49

1 (3) [The applicable fee required by § 2-112 of this article shall be submitted
2 at the same time as the statement.

3 (4) Unless the Commissioner extends the time for filing, a nonprofit health
4 service plan that fails to file an annual statement on or before March 10 shall pay a
5 penalty of:

6 (i) \$100 for each day from March 1 to March 10, both inclusive; and

7 (ii) \$150 for each day from March 11 to the day before the
8 Commissioner receives the statement, both inclusive.

9 (4) IN ORDER TO MAINTAIN A CERTIFICATE OF AUTHORITY, A
10 NONPROFIT HEALTH SERVICE PLAN SHALL COMPLY WITH THE PROVISIONS OF §§
11 2-112 AND 2-113 AND TITLE 2, SUBTITLE 5 OF THIS ARTICLE.

12 14-126.

13 (a) (1) A corporation subject to this subtitle may not amend its certificate of
14 incorporation, bylaws, or the terms and provisions of contracts issued or proposed to be
15 issued to subscribers to the plan until the proposed amendments have been submitted to
16 and approved by the Commissioner [and the applicable fees required by § 2-112 of this
17 article have been paid].

18 14-405.

19 (a) An applicant for a certificate of authority shall[:

20 (1) file with the Commissioner an application, verified by an officer or
21 authorized representative of the dental plan organization, on the form that the
22 Commissioner provides[; and

23 (2) pay to the Commissioner an application fee of \$200].

24 14-408.

25 (a) A certificate of authority expires on the first [June 30] JULY 31 after its
26 effective date unless it is renewed as provided in this section.

27 (b) The Commissioner shall renew the certificate of authority of a dental plan
28 organization if the dental plan organization remains in compliance with this subtitle and
29 [pays to the Commissioner a renewal fee of \$100] WITH §§ 2-112 AND 2-113 AND TITLE
30 2, SUBTITLE 5 OF THIS ARTICLE.

31 25-307.

32 The Commissioner [may]:

33 (1) [require] MAY REQUIRE actuarial studies and audits to determine the
34 financial solvency of each self-insurance group as often as the Commissioner desires;

35 (2) [assess each self-insurance group an annual amount of not more than
36 \$500 to be used for the actuarial studies and audits] SHALL REQUIRE THAT, AS A
37 CONDITION OF THE COMMISSIONER'S APPROVAL OF THEIR CONTINUED OPERATION

50

1 IN THE STATE, EACH SELF-INSURANCE GROUP MUST PAY THE INSURANCE
2 REGULATION FEE SET OUT UNDER TITLE 2, SUBTITLE 5 OF THIS ARTICLE; and

3 (3) [require] MAY REQUIRE an annual report that may include payroll
4 audit reports, summary loss reports, and quarterly financial statements.

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

7 **Article - Insurance**

8 [2-112.

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

12 (1) fees for certificates of authority:

13 (i) application fee for initial certificate of authority, including filing
14 the application, articles of incorporation and other charter documents, except as provided
15 in item (2) of this subsection, bylaws, financial statement, examination report, power of
16 attorney to the Commissioner, and all other documents and filings in connection with the
17 application.....\$1,000

18 (ii) fee for initial certificate of authority.....\$200

19 (iii) fee for annual renewal of certificate of authority for all foreign
20 insurers and for domestic insurers with their home or executive office in the State.....\$500

21 (iv) fee for annual renewal of certificate of authority for domestic
22 insurers with their home or executive office outside the State, except those domestic
23 insurers that had their home or executive office outside the State before January 1, 1929:

24 1. with premiums written in the most recent calendar year not
25 exceeding \$500,000.....\$2,500

26 2. with premiums written in the most recent calendar year not
27 exceeding \$1,000,000\$5,000

28 3. with premiums written in the most recent calendar year not
29 exceeding \$2,000,000\$7,000

30 4. with premiums written in the most recent calendar year not
31 exceeding \$5,000,000\$9,000

32 5. with premiums written in the most recent calendar year of
33 more than \$5,000,000\$11,000

34 (v) reinstatement of certificate of authority.....\$500

35 (2) fees for articles of incorporation of a domestic insurer or foreign insurer,
36 exclusive of fees required to be paid to the Department of Assessments and Taxation:

51

1	(i) fee for filing the articles of incorporation with the Commissioner	
2	for approval.....	\$25
3	(ii) fee for amendment of the articles of incorporation.....	\$10
4	(3) fees for filing bylaws or amendments to bylaws with the	
5	Commissioner.....	\$10
6	(4) fees for certificates of qualification:	
7	(i) agent certificate of qualification:	
8	1. fee for initial certificate within 1 year of renewal.....	\$25
9	2. fee for initial certificate over 1 year from renewal.....	\$50
10	3. biennial renewal fee.....	\$50
11	(ii) broker certificate of qualification:	
12	1. fee for initial certificate within 1 year of renewal.....	\$40
13	2. fee for initial certificate over 1 year from renewal.....	\$80
14	3. biennial renewal fee.....	\$80
15	(iii) application fee.....	\$25
16	(iv) managing general agent certificate of qualification:	
17	1. fee for initial certificate.....	\$30
18	2. annual renewal fee.....	\$30
19	(v) surplus lines broker certificate of qualification:	
20	1. fee for initial certificate within 1 year of renewal.....	\$100
21	2. fee for initial certificate over 1 year from renewal.....	\$100
22	3. biennial renewal fee.....	\$200
23	(5) fees for appointments:	
24	(i) fee for filing notice of each initial appointment.....	\$25
25	(ii) fee for filing notice of each termination.....	\$25
26	(6) fee for temporary certificates of qualification and appointments:	
27	(i) agents.....	\$25
28	(ii) brokers.....	\$40
29	(7) fee for approval by the Commissioner of continuing education	
30	courses.....	\$50

(8) fees for licenses:

52

1	(i) public adjuster license:	
2	1. fee for initial license within 1 year of renewal.....	\$25
3	2. fee for initial license over 1 year from renewal.....	\$50
4	3. biennial renewal fee.....	\$50
5	(ii) adviser license:	
6	1. fee for initial license within 1 year of renewal.....	\$100
7	2. fee for initial license over 1 year from renewal.....	\$200
8	3. biennial renewal fee.....	\$200
9	(9) fee for each insurance vending machine license, for each machine, every	
10	second year.....	\$50
11	(10) fees for filing trade names with the Commissioner:	
12	(i) initial filing.....	\$25
13	(ii) each amendment.....	\$5
14	(11) fees for valuing life insurance policies, other than group or credit:	
15	(i) for the first \$14,000,000 of insurance or any fractional part of	
16	insurance.....	\$350
17	(ii) for each additional \$1,000,000 of insurance or any fractional part	
18	of insurance.....	\$25
19	(12) fees for valuing group life insurance policies other than credit, per	
20	million of insurance or any fractional part of insurance.....	\$3
21	(13) fees for valuing individual and group credit life insurance policies, per	
22	million of insurance or any fractional part of insurance.....	\$12
23	(14) fees for valuing the reserve liabilities for outstanding annuity contracts,	
24	per million of reserve or any fractional part of reserve.....	\$25
25	(15) fees for certification by the Commissioner under seal.....	\$5
26	(16) fees for filing the annual statement by an unauthorized insurer applying	
27	for approval to become an accepted insurer or applying for approval to become an	
28	accepted reinsurer or surplus lines carrier or both	\$1,000
29	(17) fees for form and rate filings under §§ XX-XXX, XX-XXX, XX-XXX,	
30	XX-XXX, XX-XXX, and XX-XXX of this article [48A §§ 242, 242A, 334, 356, 375, and	
31	436H]	\$100
32	(18) service of legal process fee under §§ 3-318(b), 3-319(d), and 4-107 of	
33	this article.....	\$15

53

1 (b) A court may award reimbursement of a service of process fee imposed under
2 subsection (a)(18) of this section to a prevailing plaintiff in any proceeding against an
3 insurer or surplus lines broker.]

4 2-112.

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

7 (2) "INSURANCE PROFESSIONAL" MEANS AN AGENT, BROKER,
8 MANAGING GENERAL AGENT, SURPLUS LINES BROKER, PUBLIC ADJUSTER, OR
9 INSURANCE ADVISER WHO HAS A VALID CERTIFICATE OF QUALIFICATION.

10 (3) "CERTIFICATE OF QUALIFICATION" INCLUDES A LICENSE.

11 (B) (1) THE COMMISSIONER SHALL COLLECT THE FEES SET OUT IN THIS
12 SUBSECTION IN ADVANCE FROM THE PERSONS LISTED.

13 (2) INSURANCE PROFESSIONALS:

14 (I) ORIGINAL CERTIFICATE OF QUALIFICATION WITHIN 1 YEAR
15 OF RENEWAL.....\$ 45.00

16 (II) ORIGINAL CERTIFICATE OF QUALIFICATION OVER 1 YEAR
17 FROM RENEWAL.....\$ 70.00

18 (III) BIENNIAL RENEWAL OR CONTINUATION OF CERTIFICATE OF
19 QUALIFICATION.....\$ 70.00

20 (3) TEMPORARY CERTIFICATES OF QUALIFICATION:

21 (I) AGENTS..... \$ 45.00

22 (II) BROKERS \$ 60.00

23 (4) SERVICE OF LEGAL PROCESS UNDER §§ 3-318(B) AND 4-107 OF THIS
24 ARTICLE..... \$ 15.00

25 (5) COPIES OF DOCUMENTS ON FILE IN THE COMMISSIONER'S OFFICE
26 PER PAGE.....\$ 0.25

27 (C) A COURT MAY AWARD REIMBURSEMENT OF A SERVICE OF PROCESS FEE
28 IMPOSED UNDER SUBSECTION (B)(4) OF THIS SECTION TO A PREVAILING PLAINTIFF
29 IN ANY PROCEEDING AGAINST AN INSURER OR SURPLUS LINES BROKER.

30 10-118.

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

33 (i) file with the Commissioner written notice of the appointment or
34 termination and the reasons for the termination[; and

35 (ii) pay to the Commissioner the applicable fee required by § 2-112 of
36 this article].

54

1 (2) A disclosure to the Commissioner relative to the termination and date
2 and cause of the termination is a privileged communication and may not be used as
3 evidence in a court proceeding other than an appeal from an action of the Commissioner.

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

6 SECTION 4. AND BE IT FURTHER ENACTED, That Section 1 of this Act shall
7 take effect June 1, 1997.

8 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall
9 take effect October 1, 1997.

10 SECTION 6. AND BE IT FURTHER ENACTED, That Section 3 of this Act shall
11 take effect January 1, 2002.