

CF 7r2091

---

**By: Chairman, Finance Committee (Departmental - Insurance Administration, Maryland)**

Introduced and read first time: January 27, 1997

Rule 32(e) suspended

Assigned to: Finance

---

Committee Report: Favorable with amendments

Senate action: Adopted

Read second time: March 24, 1997

---

## CHAPTER \_\_\_\_\_

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; establishing a certain limitation  
 7 on a certain assessment rate; providing a certain exception; providing for the  
 8 segregation of an account for the Insurance Fraud Division; repealing certain fees;  
 9 altering the guidelines used by the Commissioner when calculating retaliatory taxes  
 10 and fees; altering certain fees; altering a certain renewal date; requiring the  
 11 Insurance Administration to impose the insurance regulation fee in a certain  
 12 manner; establishing an Advisory Committee on Regulatory Costs and Efficiency;  
 13 specifying the purpose, membership, and duties of the Advisory Committee;  
 14 specifying the terms of the initial members of the Advisory Committee; requiring a  
 15 certain report; providing for the effective dates of this Act; and generally relating to  
 16 the funding of the costs and expenses of the Maryland Insurance Administration  
 17 related to the regulation of insurance activities in the State.

18 BY repealing and reenacting, with amendments,

19 Article 48A - Insurance Code

20 Section 23(1), 33, 41A, 41B, 41C, 54, 61, 168(f) and (g), 169, 181(d) and (e)(2),

21 182(g), 233A, 233AF, 283(b), 284(a), 307, 338(a), 341, 342, 344, 344E(1) and

22 (3), 344F, 353(a), 354, 355(a) and (b), 356(a), 357A(a), 585(c), 609(f), 634,

23 637(d), and 722

24 Annotated Code of Maryland

25 (1994 Replacement Volume and 1996 Supplement)

2

1 BY repealing

2 Article 48A - Insurance Code  
 3 Section 33A, 41, 583(d), and 640A through 640D  
 4 Annotated Code of Maryland  
 5 (1994 Replacement Volume and 1996 Supplement)

6 BY adding to

7 Article 48A - Insurance Code  
 8 Section 33A ~~and~~ 41 through 41F, and 41H  
 9 Annotated Code of Maryland  
 10 (1994 Replacement Volume and 1996 Supplement)

11 BY repealing and reenacting, without amendments,

12 Article 48A - Insurance Code  
 13 Section 233AE  
 14 Annotated Code of Maryland  
 15 (1994 Replacement Volume and 1996 Supplement)

16 BY repealing

17 Article - Health - General  
 18 Section 19-709  
 19 Annotated Code of Maryland  
 20 (1996 Replacement Volume and 1996 Supplement)

21 BY repealing and reenacting, with amendments,

22 Article - Health - General  
 23 Section 19-711(a), 19-721, and 19-727  
 24 Annotated Code of Maryland  
 25 (1996 Replacement Volume and 1996 Supplement)

26 BY repealing and reenacting, with amendments,

27 Article - Insurance  
 28 Section 2-110(a) and 4-112(a) and (e)  
 29 Annotated Code of Maryland  
 30 (1995 Volume and 1996 Supplement)  
 31 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as  
 32 amended by Chapter 456 of the Acts of the General Assembly of 1996)

33 BY repealing

34 Article - Insurance  
 35 Section 2-112  
 36 Annotated Code of Maryland  
 37 (1995 Volume and 1996 Supplement)  
 38 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as

3

1 amended by Chapters 60, 189, and 271 of the Acts of the General Assembly of  
2 1996)

3 BY adding to

4 Article - Insurance  
5 Section 2-112  
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 Chapters 60, 189, and 271 of the Acts of the General Assembly of  
10 1996)

11 BY repealing and reenacting, with amendments,

12 Article - Insurance  
13 Section 2-113(a), 8-403(b)(1), 8-405, 8-423(a) and (d)(2), 8-444(a), 8-450,  
14 8-456(a), 8-510, and 10-117  
15 Annotated Code of Maryland  
16 (1995 Volume and 1996 Supplement)  
17 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

18 BY repealing

19 Article - Insurance  
20 Section 2-114  
21 Annotated Code of Maryland  
22 (1995 Volume and 1996 Supplement)  
23 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as  
24 amended by Chapter 60 of the Acts of the General Assembly of 1996)

25 BY adding to

26 Article - Insurance  
27 Section 2-114; and 2-501 through ~~2-506~~ 2-507, inclusive, to be under the new  
28 subtitle "Subtitle 5. Insurance Regulation Fee"  
29 Annotated Code of Maryland  
30 (1995 Volume and 1996 Supplement)  
31 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

32 BY repealing and reenacting, with amendments,

33 Article - Insurance  
34 Section 2-208, 2-401, 2-407, 3-206, 14-102, 14-109, 14-110, 14-121(a),  
35 14-126(a)(1), 14-405(a), and 14-408  
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 repealing and reenacting, without amendments,

4  
1 Article - Insurance  
2 Section 2-402(b)  
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  
7 Article - Insurance  
8 Section 3-204(c)  
9 Annotated Code of Maryland  
10 (1995 Volume and 1996 Supplement)  
11 (As enacted by Chapter \_\_\_\_\_ (H.B. 11) of the Acts of the General Assembly of 1997)

12 BY adding to  
13 Article - Insurance  
14 Section 3-207.1  
15 Annotated Code of Maryland  
16 (1995 Volume and 1996 Supplement)  
17 (As enacted by Chapter \_\_\_\_\_ (H.B. 11) of the Acts of the General Assembly of 1997)

18 BY repealing and reenacting, with amendments,  
19 Article - Insurance  
20 Section 6-105  
21 Annotated Code of Maryland  
22 (1995 Volume and 1996 Supplement)  
23 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as  
24 amended by Chapter 352 of the Acts of the General Assembly of 1995, as  
25 amended by Chapter 636 of the Acts of the General Assembly of 1996)

26 BY repealing  
27 Article - Insurance  
28 Section 6-201 through 6-204, inclusive, and the subtitle "Subtitle 2. Fraud  
29 Prevention Fee"  
30 Annotated Code of Maryland  
31 (1995 Volume and 1996 Supplement)  
32 (As enacted by Chapter 352 of the Acts of the General Assembly of 1995)

33 BY repealing and reenacting, with amendments,  
34 Article - Insurance  
35 Section 6-303(a)  
36 Annotated Code of Maryland  
37 (1995 Volume and 1996 Supplement)  
38 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995 and as  
39 enacted by Chapter \_\_\_\_\_ (H.B. 387) of the Acts of the General Assembly of

5

1        1997)

2 BY repealing

3        Article - Insurance  
4        Section 8-451(d), 8-461(d), and 8-462(d)  
5        Annotated Code of Maryland  
6        (1995 Volume and 1996 Supplement)  
7        (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

8 BY repealing and reenacting, with amendments,

9        Article - Insurance  
10       Section 10-112(a)  
11       Annotated Code of Maryland  
12       (1995 Volume and 1996 Supplement)  
13       (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as  
14       amended by Chapter 635 of the Acts of the General Assembly of 1995)

15 BY repealing and reenacting, with amendments,

16       Article - Insurance  
17       Section 10-118(a)  
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 635 of the Acts of the General Assembly of 1995, as  
22       amended by Chapter 271 of the Acts of the General Assembly of 1996)

23 BY repealing and reenacting, with amendments,

24       Article - Insurance  
25       Section 10-204(e)  
26       Annotated Code of Maryland  
27       (1995 Volume and 1996 Supplement)  
28       (As enacted by Chapter 36 of the Acts of the General Assembly of 1995, as  
29       amended by Chapter 369 of the Acts of the General Assembly of 1996)

30 BY repealing and reenacting, with amendments,

31       Article - Insurance  
32       Section 10-404(c)  
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 271 and 369 of the Acts of the General Assembly of  
37       1996)

38 BY repealing and reenacting, with amendments,

39       Article - Insurance

6

1 Section 25-307  
2 Annotated Code of Maryland  
3 (1996 Volume)  
4 (As enacted by Chapter 11 of the Acts of the General Assembly of 1996)

5 BY repealing

6 Article - Insurance  
7 Section 2-112  
8 Annotated Code of Maryland  
9 (1995 Volume and 1996 Supplement)  
10 (As enacted by Chapter 271, § 2 of the Acts of the General Assembly of 1996)

11 BY adding to

12 Article - Insurance  
13 Section 2-112  
14 Annotated Code of Maryland  
15 (1995 Volume and 1996 Supplement)  
16 (As enacted by Chapter 36 of the Acts of the General Assembly of 1995)

17 BY repealing and reenacting, with amendments,

18 Article - Insurance  
19 Section 10-118(a)  
20 Annotated Code of Maryland  
21 (1995 Volume and 1996 Supplement)  
22 (As enacted by Chapter 271, § 2 of the Acts of the General Assembly of 1996)

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

25 **Article 48A - Insurance Code**

26 23.

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

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

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

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

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

7

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

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

5 (f) Recommendations of the Commissioner as to:

6 (1) Amendments to laws affecting insurance; and

7 (2) Matters affecting the Administration; and

8 (g) Such other pertinent information and matters as the Commissioner  
9 deems proper.

10 33.

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

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

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

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

24 [33A.

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

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

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

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

36 33A.

37 (A) THE FOLLOWING MONEYS SHALL BE CONSIDERED GENERAL FUNDS OF  
38 THE STATE:

8

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

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

4 (3) ALL PENALTIES IMPOSED BY THE COMMISSIONER, INCLUDING  
5 PENALTIES IMPOSED UNDER:

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

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

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

10 (B) THE FOLLOWING MONEYS MAY NOT BE CONSIDERED GENERAL FUNDS  
11 OF THE STATE AND SHALL BE DEPOSITED INTO THE INSURANCE REGULATION  
12 FUND:

13 (1) ALL REVENUE RECEIVED THROUGH THE IMPOSITION OF THE  
14 INSURANCE REGULATION FEE;

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

17 (3) INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES  
18 FOR THE FUND.

19 [41.

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

22 (1) Certificates of authority:

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

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

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

32 (iv) Annual continuation or renewal of certificate of authority for  
33 domestic insurers with their home or executive office outside of Maryland except those  
34 insurers which had their home or executive office outside of Maryland prior to January 1,  
35 1929.

36 With premiums written in the most recent calendar year not exceeding  
37 \$500,000.....\$2,500.00



9

1 With premiums written in the most recent calendar year not exceeding  
 2 \$1,000,000.....\$5,000.00

3 With premiums written in the most recent calendar year not exceeding  
 4 \$2,000,000.....\$7,000.00

5 With premiums written in the most recent calendar year not exceeding  
 6 \$5,000,000.....\$9,000.00

7 With premiums written in the most recent calendar year of more than  
 8 \$5,000,000.....\$11,000.00

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

10 (2) Articles of incorporation, etc.:

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

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

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

18 (4) Certificates of qualification:

19 (i) Original agent's within 1 year of renewal..... \$ 25.00

20 (ii) Original agent's over 1 year from renewal..... \$ 50.00

21 (iii) Original broker's within 1 year of renewal..... \$ 40.00

22 (iv) Original broker's over 1 year from renewal..... \$ 80.00

23 (v) Biennial renewal agent's..... \$ 50.00

24 (vi) Biennial renewal broker's..... \$ 80.00

25 (vii) Application fee..... \$ 25.00

26 (viii) Original managing general agents..... \$ 30.00

27 (ix) Annual renewal managing general agents..... \$ 30.00

28 (5) Appointments:

29 (i) Original filing per appointment..... \$ 25.00

30 (ii) Notice of each termination..... \$ 25.00

31 (6) Surplus line broker's certificate of qualification:

32 (i) Original certificate within 1 year of renewal..... \$ 100.00

33 (ii) Original certificate over 1 year from renewal..... \$ 100.00

10  
1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32

- (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
  - (ii) For each additional \$1,000,000 of insurance or fractional part thereof..... \$ 25.00
- (11) For valuing group life insurance policies other than credit, per million of insurance or any fractional part thereof..... \$ 3.00
- (12) For valuing individual and group credit life insurance policies, per million of insurance or any fractional part thereof..... \$ 12.00
- (13) For valuing the reserve liabilities for outstanding annuity contracts, per million dollars of reserve or any fractional part of it..... \$ 25.00
- (14) Filing annual statement by unauthorized insurer applying for approval to become an accepted insurer applying for approval to become an accepted reinsurer and/or a surplus lines carrier..... \$ 1,000.00
- (15) Temporary certificates and appointments:
  - (i) Agents..... \$ 25.00
  - (ii) Brokers..... \$ 40.00
- (16) Form and rate filings under §§ 242, 242A, 334, 356, 375, and 436H of this article..... \$ 100.00
- (17) Approval of continuing education courses..... \$ 50.00
- (18) Service of legal process under §§ 57 and 197 of this article..... \$ 15.00]

11

1 41.

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

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

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

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

10 (2) INSURANCE PROFESSIONALS:

11 (I) ORIGINAL CERTIFICATE OF QUALIFICATION WITHIN 1 YEAR  
12 OF RENEWAL.....~~\$ 45.00~~ \$ 35.00

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

15 (III) BIENNIAL RENEWAL OR CONTINUATION OF CERTIFICATE OF  
16 QUALIFICATION.....\$ 70.00

17 (3) TEMPORARY CERTIFICATES OF QUALIFICATION:

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

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

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

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

24 41A.

25 (A) IN §§ 41A THROUGH ~~41G~~ 41H OF THIS SUBTITLE AND IN § 61 OF THIS  
26 ARTICLE THE FOLLOWING WORDS HAVE THE MEANINGS INDICATED.

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

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

31 (2) "INSURER" INCLUDES:

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

12

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

3 (III) A DENTAL PLAN REGULATED UNDER SUBTITLE 42 OF THIS  
4 ARTICLE;

5 (IV) A FRATERNAL BENEFIT SOCIETY REGULATED UNDER  
6 SUBTITLE 19 OF THIS ARTICLE;

7 (V) A RECIPROCAL INSURER;

8 (VI) THE MARYLAND AUTOMOBILE INSURANCE FUND; AND

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

11 (D) (1) "PREMIUMS" HAS THE MEANING STATED IN § 631 OF THIS ARTICLE  
12 TO THE EXTENT IT IS ALLOCABLE TO THIS STATE AND WRITTEN DURING THE  
13 PRECEDING CALENDAR YEAR.

14 (2) "PREMIUMS" INCLUDES ANY AMOUNTS PAID TO A HEALTH  
15 MAINTENANCE ORGANIZATION AS COMPENSATION ~~ON A PREDETERMINED~~  
16 ~~PERIODIC RATE BASIS~~ FOR PROVIDING TO MEMBERS THE SERVICES SPECIFIED  
17 UNDER ~~§§ 19-701(D)(2) AND 19-706(E)~~ TITLE 19, SUBTITLE 7 OF THE HEALTH -  
18 GENERAL ARTICLE TO THE EXTENT IT IS ALLOCABLE TO THIS STATE AND WRITTEN  
19 DURING THE PRECEDING CALENDAR YEAR.

20 41B.

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

23 (B) THE INSURANCE REGULATION FEE IS:

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

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

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

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

32 41C.

33 (A) (1) THE TOTAL INSURANCE REGULATION FEE IS APPORTIONED IN  
34 RELATION TO THE BURDEN ON THE STATE TO ADEQUATELY AND APPROPRIATELY  
35 REGULATE THE INSURANCE BUSINESS ENGAGED IN BY INSURERS WITHIN THE  
36 STATE.

13

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

4 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IN ORDER TO  
5 PROPERLY REFLECT THE REGULATORY BURDEN IMPOSED BY EACH INSURER  
6 ENGAGED IN THE INSURANCE BUSINESS IN THE STATE, THE INSURANCE  
7 REGULATION FEE SHALL BE EXPRESSED AS A PERCENTAGE OF ALL NEW AND  
8 RENEWAL GROSS DIRECT PREMIUMS WRITTEN BY AN INSURER SUBJECT TO THE  
9 INSURANCE REGULATION FEE DURING THE IMMEDIATELY PRECEDING CALENDAR  
10 YEAR.

11 (2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OR  
12 SUBPARAGRAPH (III) OF THIS PARAGRAPH, THE MINIMUM INSURANCE REGULATION  
13 FEE SHALL BE \$2,500.

14 (II) FOR ~~FRATERNAL BENEFIT SOCIETIES AND~~ WORKERS'  
15 COMPENSATION SELF-INSURANCE GROUPS, THE MINIMUM INSURANCE  
16 REGULATION FEE SHALL BE \$1,500.

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

19 (C) IN DETERMINING ADJUSTED PREMIUMS SUBJECT TO THE INSURANCE  
20 REGULATION FEE, THE FOLLOWING DEDUCTIONS SHALL BE MADE FROM GROSS  
21 DIRECT WRITTEN PREMIUMS:

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

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

25 (3) ANY OTHER DEDUCTION THAT THE COMMISSIONER CONSIDERS  
26 REASONABLE.

27 (D) (1) THE BASE ASSESSMENT RATE SHALL EQUAL THE FRACTION  
28 OBTAINED BY DIVIDING THE TOTAL REGULATORY COST, MINUS THE SUM OF ALL  
29 REVENUE PROJECTED TO BE COLLECTED BY THE COMMISSIONER UNDER § 41D(A)(2)  
30 OF THIS SUBTITLE AND ANY FUND BALANCE CARRIED FORWARD FROM THE  
31 PREVIOUS FISCAL YEAR, BY THE TOTAL AMOUNT OF ADJUSTED NEW AND RENEWAL  
32 GROSS DIRECT PREMIUMS WRITTEN IN THE STATE BY ALL INSURERS.

33 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE  
34 BASE ASSESSMENT RATE FOR THE INSURANCE REGULATION FEE MAY NOT EXCEED  
35 0.0015 OF THE TOTAL AMOUNT OF ADJUSTED NEW AND RENEWAL GROSS DIRECT  
36 PREMIUMS WRITTEN IN THE STATE BY ALL INSURERS.

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

14

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 (2) ALL REVENUE FROM THE IMPOSITION OF:

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

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

16 (3) INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES  
17 FOR THE FUND.

18 (B) THE PURPOSE OF THE FUND IS TO PAY ALL COSTS AND EXPENSES  
19 INCURRED BY THE MARYLAND INSURANCE ADMINISTRATION RELATED TO THE  
20 REGULATION OF THE INSURANCE ACTIVITIES OF ALL INSURERS THAT ENGAGE IN  
21 BUSINESS IN THE STATE.

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

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

26 (I) PURSUANT TO AN APPROPRIATION AGAINST THE INSURANCE  
27 REGULATION FUND APPROVED BY THE GENERAL ASSEMBLY IN THE ANNUAL STATE  
28 BUDGET; OR

29 (II) BY THE BUDGET AMENDMENT PROCEDURE PROVIDED FOR IN  
30 § 7-209 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

31 (3) (I) IN ANY GIVEN FISCAL YEAR, IF THE AMOUNT OF THE  
32 ~~INSURANCE REGULATION FEE REVENUE~~ COLLECTED BY THE COMMISSIONER  
33 UNDER THIS SUBTITLE AND DEPOSITED INTO THE FUND EXCEEDS THE ACTUAL  
34 EXPENDITURES PURSUANT TO APPROPRIATIONS FOR THE MARYLAND INSURANCE  
35 ADMINISTRATION, THE EXCESS AMOUNT SHALL BE CARRIED FORWARD WITHIN  
36 THE FUND FOR THE PURPOSE OF REDUCING THE INSURANCE REGULATION FEE  
37 IMPOSED BY THE MARYLAND INSURANCE ADMINISTRATION FOR THE FOLLOWING  
38 FISCAL YEAR.

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

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

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

12 (4) THE AMOUNT APPROPRIATED FOR THE OPERATION OF THE  
13 INSURANCE FRAUD DIVISION:

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

16 (II) SHALL BE USED ONLY FOR THE OPERATION OF THE FRAUD  
17 DIVISION; AND

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

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

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

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

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

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

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

30 ~~(3) THE STATE TREASURER SHALL DEPOSIT PAYMENTS RECEIVED~~  
31 ~~FROM THE COMMISSIONER INTO THE FUND.~~

32 41E.

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

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

16

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

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

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

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

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

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

16 41F.

17 THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT ANY  
18 PROVISION §§ 41A THROUGH ~~41G~~ 41H OF THIS SUBTITLE.

19 [41A.] 41G.

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

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

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

31 41H.

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

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

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

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



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

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

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

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

11           (1) ONE REPRESENTATIVE OF LIFE AND HEALTH INSURERS;

12           (2) ONE REPRESENTATIVE OF PROPERTY AND CASUALTY INSURERS;

13           (3) ONE REPRESENTATIVE OF HEALTH MAINTENANCE  
14 ORGANIZATIONS;

15           (4) ONE REPRESENTATIVE OF NONPROFIT HEALTH SERVICE PLANS;

16           (5) ONE REPRESENTATIVE OF DOMESTIC MUTUAL INSURERS;

17           (6) ONE REPRESENTATIVE OF DOMESTIC STOCK INSURERS;

18           (7) ONE REPRESENTATIVE OF INSURANCE PROFESSIONALS; AND

19           (8) FOUR REPRESENTATIVES OF THE GENERAL PUBLIC.

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

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

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

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

31           (1) BE SUBJECT TO REGULATION BY THE COMMISSIONER;

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

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

18

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

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

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

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

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

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

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

17 (I) THE ADMINISTRATION SHALL PROVIDE STAFFING SERVICES FOR THE  
18 ADVISORY COMMITTEE.

19 [41B.] ~~41H.~~ 41-I.

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

23 [41C.] ~~41-I.~~ 41J.

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

29 54.

30 (a) (1) All original and renewal certificates of authority heretofore or hereafter  
31 issued to insurers shall, unless previously suspended or revoked, expire at midnight on the  
32 [30th day of June] 31ST DAY OF JULY succeeding the date of the issuance of such  
33 certificate of authority. Upon payment of the annual [continuation fee provided in § 41]  
34 INSURANCE REGULATION FEE UNDER § 41B OF THIS ARTICLE before the expiration  
35 date of a certificate of authority, the same shall remain in effect until a new certificate of  
36 authority is issued or specifically refused.

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

19

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

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

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

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

10 (2) In addition to the provisions imposed under paragraph (1) of this  
11 subsection, an insurer that fails to renew its certificate of authority on or before [June  
12 30] JULY 31 in the previous year shall:

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

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

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

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

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

25 61.

26 (1) When by or pursuant to the laws of any other state or foreign country any  
27 taxes, licenses and other fees OTHER THAN FEES SIMILAR TO THE INSURANCE  
28 REGULATION FEE, in the aggregate, and any fines, penalties, deposit requirements or  
29 other material obligations, prohibitions or restrictions are or would be imposed upon  
30 Maryland insurers, or upon the agents or representatives of such insurers, which are in  
31 excess of such taxes, licenses and other fees, in the aggregate, or which are in excess of  
32 the fines, penalties, deposit requirements or other obligations, prohibitions, or  
33 restrictions directly imposed upon similar insurers, or upon the agents or representatives  
34 of such insurers, of such other state or country under the statutes of this State, so long as  
35 such laws of such other state or country continue in force or are so applied, the same  
36 taxes, licenses and other fees, in the aggregate, or fines, penalties or deposit requirements  
37 or other material obligations, prohibitions, or restrictions of whatever kind shall be  
38 imposed by the Commissioner upon the insurers, or upon the agents or representatives of  
39 such insurers, of such other state or country doing business or seeking to do business in  
40 Maryland. Any tax, license or other fee or other obligation imposed by any city, county, or  
41 other political subdivision or agency of such other state or country on Maryland insurers

20

1 or their agents or representatives shall be deemed to be imposed by such state or country  
2 within the meaning of this section. All taxes imposed by this section that are not paid  
3 within 30 days after the Commissioner issues the notice of the amount due are subject to  
4 a penalty of 5 percent and interest at the rate determined under § 13-604 of the Tax -  
5 General Article for each month from the date of the notice that the tax was due.

6 (2) This section shall not apply as to personal income taxes, nor as to ad valorem  
7 taxes on real or personal property, nor as to special purpose obligations or assessments  
8 imposed by another state in connection with particular kinds of insurance other than  
9 property insurance, nor as to assessments imposed by insurance guaranty associations or  
10 similar organizations in another state; except that deductions, from premium taxes or  
11 other taxes otherwise payable, allowed on account of real estate or personal property  
12 taxes paid shall be taken into consideration by the Commissioner in determining the  
13 propriety and extent of retaliatory action under this section.

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

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

19 (5) Unless the [Department of Labor, Licensing, and Regulation] MARYLAND  
20 INSURANCE ADMINISTRATION and the Central Collection Unit of the Department of  
21 Budget and Management agree otherwise, the [Department of Labor, Licensing, and  
22 Regulation] MARYLAND INSURANCE ADMINISTRATION may not refer to the Unit any  
23 action to recover money under this section.

24 168.

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

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

34 169.

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

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

21

1 181.

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

4 (2) Once an applicant has been notified that the applicant has passed the  
5 examination required under this section or is otherwise eligible to be licensed, the  
6 applicant shall submit the applicable license fee prescribed in [§ 41(7)(i) or (ii)] § 41 of  
7 this article.

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

10 (i) A renewal application in the form prescribed by the  
11 Commissioner; and

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

14 182.

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

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

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

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

24 (i) A renewal application in the form prescribed by the  
25 Commissioner; and

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

28 233A.

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

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

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

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

35 (d) "Insurance fraud" means:

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

22

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

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

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

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

7 233AE.

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

9 233AF.

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

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

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

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

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

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

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

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

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

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

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

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

23

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

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

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

4 283.

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

8 (1) The name of the insurer;

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

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

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

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

16 (6) The designation and appointment of the proposed attorney and a copy  
17 of the power of attorney;

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

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

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

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

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

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

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

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

24

1 284.

2 (a) (1) The certificate of authority of a reciprocal insurer shall be issued to its  
3 attorney in the name of the reciprocal insurer[, upon payment of the fee provided for by  
4 § 41 of this article] UPON RECEIPT OF A COMPLETED APPLICATION.

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

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

12 307.

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

20 338.

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

24 341.

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

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

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



25

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

4 342.

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

15 344.

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

21 344E.

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

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

33 344F.

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

26

1 353.

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

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

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

10 (3) The following sections of Subtitle 3 (authorization of insurers and  
11 general requirements):

12 (i) Section 45 (name insurer).

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

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

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

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

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

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

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

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

23 (11) Sections 77 and 83A.

24 354.

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

35 (1) The provisions of this subtitle;

36 (2) Subtitle 2 of this article, INCLUDING §§ 41 THROUGH ~~41G~~ 41H OF THIS  
37 ARTICLE;

27

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

12 355.

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

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

28

1 (7) Any other information or documents necessary for the Commissioner to  
2 assure compliance with this subtitle.

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

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

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

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

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

26 (i) \$100,000; or

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

28 356.

29 (a) No corporation subject to the provisions of this subtitle shall amend its  
30 certificate of incorporation, its bylaws, or the terms and provisions of contracts issued, or  
31 proposed to be issued, to subscribers of the plan, until such proposed amendments have  
32 been first submitted to, and approved by, the Insurance Commissioner[, and payment  
33 made of the fees provided for by § 41 of this article]; nor shall any change be made in the  
34 table of rates charged, or proposed to be charged, to subscribers for any form of contract  
35 issued or to be issued for hospital, medical, chiropodial, chiropractic, pharmaceutical,  
36 dental, psychological, or optometric care until such proposed change has been submitted  
37 to, and approved by, the Insurance Commissioner. Each amendment shall be on file for a  
38 waiting period of 60 days before it becomes effective. When in the Commissioner's  
39 opinion an amendment is not accompanied by the information needed to support it and  
40 the Commissioner does not have sufficient information to determine whether the filing  
41 meets the requirements of this section, the nonprofit health service plan shall be required  
42 to furnish the needed information and in this event the waiting period shall be suspended  
43 and shall recommence as of the date the information is furnished. Upon written

29

1 application by the nonprofit health service plan, the Commissioner may authorize an  
 2 amendment which he has reviewed to become effective before the expiration of the  
 3 waiting period or any extension thereof or at any later date. A filing shall be deemed  
 4 approved unless disapproved by the Commissioner within the waiting period or any  
 5 extension thereof. The Commissioner shall disapprove or modify the proposed change or  
 6 changes if the table of rates appears by statistical analysis and reasonable assumptions to  
 7 be excessive in relation to benefits, or if the form contains provisions which are unjust,  
 8 unfair, inequitable, inadequate, misleading, deceptive, or encourage misrepresentations  
 9 of the coverage. In determining whether to disapprove or modify the form or table of  
 10 rates, the Commissioner shall give due consideration to past and prospective loss  
 11 experience within and outside this State, to underwriting practice and judgment to the  
 12 extent appropriate, to a reasonable margin for reserve needs, to past and prospective  
 13 expenses both countrywide and those specifically applicable to this State, and to all other  
 14 relevant factors within and outside this State.

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

19 357A.

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

23           (2) The statement shall:

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

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

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

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

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

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

33           [[5]] (4) The Commissioner may extend the time for filing for good cause.

34           [[6]] (5) The penalties provided under paragraph [[(4)(i)] (3)(I) of this  
 35 subsection do not apply if the nonprofit health service plan has obtained an extension  
 36 from the Commissioner for filing the required statement.

37           (6) IN ORDER TO MAINTAIN A CERTIFICATE OF AUTHORITY, A  
 38 NONPROFIT HEALTH SERVICE PLAN SHALL COMPLY WITH THE PROVISIONS OF §§ 41  
 39 THROUGH ~~41G~~ 41H OF THIS ARTICLE.

30

1 583.

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

4 585.

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

9 609.

10 (f) The Commissioner [may]:

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

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

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

20 634.

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

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

30 637.

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

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

31

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

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

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

8 [640A.

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

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

13 [640B.

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

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

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

20 [640C.

21 The fraud prevention fee shall be:

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

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

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

26 (2) \$10 for each agent licensed by the Commissioner.]

27 [640D.

28 The Commissioner may adopt regulations to implement any provision of this  
29 subtitle.]

30 722.

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

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

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

32

1 **Article - Health - General**

2 [19-709.

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

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

9 19-711.

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

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

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

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

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

21 19-721.

22 (a) Unless previously suspended or revoked, each original and renewal certificate  
23 of authority issued under this subtitle to a health maintenance organization expires at  
24 midnight on the ~~November 30~~ JULY 31 after its effective date.

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

30 19-727.

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

34 (b) (1) Each health maintenance organization that is authorized to operate  
35 under this subtitle is exempted from paying the premium tax imposed under Article 48A,  
36 [§ 632] SUBTITLE 47 of the Code.

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



33

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

3 (ii) The premiums have been paid by that nonprofit health  
4 maintenance organization.

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

7 **Article - Insurance**

8 2-110.

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

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

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

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

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

22 (II) A STATEMENT OF THE AMOUNT OF THE INSURANCE  
23 REGULATION FEE DEPOSITED INTO THE INSURANCE REGULATION FUND;

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

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

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

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

32 [2-112.

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

36 (1) fees for certificates of authority:

1	(i) application fee for initial certificate of authority, including filing	
2	the application, articles of incorporation and other charter documents, except as provided	
3	in item (2) of this subsection, bylaws, financial statement, examination report, power of	
4	attorney to the Commissioner, and all other documents and filings in connection with the	
5	application.....	\$1,000
6	(ii) fee for initial certificate of authority.....	\$200
7	(iii) fee for annual renewal of certificate of authority for all foreign	
8	insurers and for domestic insurers with their home or executive office in the State.....	\$500
9	(iv) fee for annual renewal of certificate of authority for domestic	
10	insurers with their home or executive office outside the State, except those domestic	
11	insurers that had their home or executive office outside the State before January 1, 1929:	
12	1. with premiums written in the most recent calendar year not	
13	exceeding \$500,000.....	\$2,500
14	2. with premiums written in the most recent calendar year not	
15	exceeding \$1,000,000.....	\$5,000
16	3. with premiums written in the most recent calendar year not	
17	exceeding \$2,000,000.....	\$7,000
18	4. with premiums written in the most recent calendar year not	
19	exceeding \$5,000,000.....	\$9,000
20	5. with premiums written in the most recent calendar year of	
21	more than \$5,000,000.....	\$11,000
22	(v) reinstatement of certificate of authority.....	\$500
23	(2) fees for articles of incorporation of a domestic insurer or foreign insurer,	
24	exclusive of fees required to be paid to the Department of Assessments and Taxation:	
25	(i) fee for filing the articles of incorporation with the Commissioner	
26	for approval.....	\$25
27	(ii) fee for amendment of the articles of incorporation.....	\$10
28	(3) fees for filing bylaws or amendments to bylaws with the	
29	Commissioner.....	\$10
30	(4) fees for certificates of qualification:	
31	(i) agent certificate of qualification:	
32	1. fee for initial certificate within 1 year of renewal.....	\$25
33	2. fee for initial certificate over 1 year from renewal.....	\$50
34	3. biennial renewal fee.....	\$50
35	(ii) broker certificate of qualification:	
36	1. fee for initial certificate within 1 year of renewal.....	\$40

35

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

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

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

4 (iv) managing general agent certificate of qualification:

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

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

7 (v) surplus lines broker certificate of qualification:

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

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

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

11 (5) fees for appointments:

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

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

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

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

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

17 (7) fee for approval by the Commissioner of continuing education  
18 courses.....\$50

19 (8) fees for licenses:

20 (i) public adjuster license:

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

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

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

24 (ii) adviser license:

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

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

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

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

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

36

- 1 (i) for the first \$14,000,000 of insurance or any fractional part of
- 2 insurance.....\$350
- 3 (ii) for each additional \$1,000,000 of insurance or any fractional part
- 4 of insurance.....\$25
- 5 (11) fees for valuing group life insurance policies other than credit, per
- 6 million of insurance or any fractional part of insurance.....\$3
- 7 (12) fees for valuing individual and group credit life insurance policies, per
- 8 million of insurance or any fractional part of insurance.....\$12
- 9 (13) fees for valuing the reserve liabilities for outstanding annuity contracts,
- 10 per million of reserve or any fractional part of reserve.....\$25
- 11 (14) fees for filing the annual statement by an unauthorized insurer applying
- 12 for approval to become an accepted insurer or applying for approval to become an
- 13 accepted reinsurer or surplus lines carrier or both .....\$1,000
- 14 (15) fees for form and rate filings under §§ XX-XXX, XX-XXX, XX-XXX,
- 15 XX-XXX, XX-XXX, and XX-XXX of this article [48A §§ 242, 242A, 334, 356, 375, and
- 16 436H].....\$100
- 17 (16) service of legal process fee under §§ 3-318(b), 3-319(d), and 4-107 of
- 18 this article.....\$15

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

22 2-112.

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

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

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

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

31 (2) INSURANCE PROFESSIONALS:

32 (I) ORIGINAL CERTIFICATE OF QUALIFICATION WITHIN 1 YEAR  
 33 OF RENEWAL.....~~\$ 45.00~~ \$ 35.00

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

36 (III) BIENNIAL RENEWAL OR CONTINUATION OF CERTIFICATE OF  
 37 QUALIFICATION.....\$ 70.00

37

1 (3) TEMPORARY CERTIFICATES OF QUALIFICATION:

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

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

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

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

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

11 2-113.

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

17 [2-114.

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

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

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

26 (1) revenue derived from the annual fraud prevention fee under § X-XXX  
27 [48A § 640B] of this article; and

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

30 2-114.

31 (A) THE FOLLOWING MONEYS SHALL BE CONSIDERED GENERAL FUNDS OF  
32 THE STATE:

33 (1) ALL REVENUE RECEIVED UNDER TITLE 6, SUBTITLE 1 OF THIS  
34 ARTICLE;

35 (2) ALL REVENUE RECEIVED UNDER §§ X-XXX [(48A § 61)], 3-324, AND  
36 4-209 OF THIS ARTICLE; AND

38

1 (3) ALL PENALTIES IMPOSED BY THE COMMISSIONER, INCLUDING  
2 PENALTIES IMPOSED UNDER:

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

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

6 (III) TITLE 26 OF THIS ARTICLE;

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

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

9 (B) THE FOLLOWING MONEYS MAY NOT BE CONSIDERED GENERAL FUNDS  
10 OF THE STATE AND SHALL BE DEPOSITED INTO THE INSURANCE REGULATION  
11 FUND:

12 (1) ALL REVENUE RECEIVED THROUGH THE IMPOSITION OF THE  
13 INSURANCE REGULATION FEE;

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

16 (3) INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES  
17 FOR THE FUND.

18 2-208.

19 The expense incurred in an examination made under § 2-205 of this subtitle, §  
20 2-206 of this subtitle for surplus lines brokers [and insurance holding corporations,] or §  
21 23-207 of this article for premium finance companies shall be paid by the person  
22 examined in the following manner:

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

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

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

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

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

33 2-401.

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

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

39

1            [(b)] (C) "Fraud Division" means the Insurance Fraud Division in the  
2 Administration.

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

4            (d) "Insurance fraud" means:

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

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

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

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

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

12 2-402.

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

14 2-407.

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

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

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

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

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

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

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

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

32                            (ii) by the budget amendment procedure provided for in [§ 7-109] §  
33 7-209 of the State Finance and Procurement Article.

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

40

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

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

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

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

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

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

11 SUBTITLE 5. INSURANCE REGULATION FEE.

12 2-501.

13 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS  
14 INDICATED.

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

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

19 (2) "INSURER" INCLUDES:

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

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

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

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

29 (V) A RECIPROCAL INSURER;

30 (VI) THE MARYLAND AUTOMOBILE INSURANCE FUND; AND

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

33 (D) (1) "PREMIUMS" HAS THE MEANING STATED IN § 1-101 OF THIS ARTICLE  
34 TO THE EXTENT IT IS ALLOCABLE TO THIS STATE AND WRITTEN DURING THE  
35 PRECEDING CALENDAR YEAR.



41

1 (2) "PREMIUMS" INCLUDES ANY AMOUNTS PAID TO A HEALTH  
2 MAINTENANCE ORGANIZATION AS COMPENSATION ~~ON A PREDETERMINED~~  
3 ~~PERIODIC RATE BASIS~~ FOR PROVIDING TO MEMBERS THE SERVICES SPECIFIED  
4 UNDER ~~§§ 19-701(D)(2) AND 19-706(E)~~ TITLE 19, SUBTITLE 7 OF THE HEALTH -  
5 GENERAL ARTICLE TO THE EXTENT IT IS ALLOCABLE TO THIS STATE AND WRITTEN  
6 DURING THE PRECEDING CALENDAR YEAR.

7 2-502.

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

10 (B) THE INSURANCE REGULATION FEE IS:

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

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

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

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

19 2-503.

20 (A) (1) THE TOTAL INSURANCE REGULATION FEE IS APPORTIONED IN  
21 RELATION TO THE BURDEN ON THE STATE TO ADEQUATELY AND APPROPRIATELY  
22 REGULATE THE INSURANCE BUSINESS ENGAGED IN BY INSURERS WITHIN THE  
23 STATE.

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

27 (B) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, IN ORDER TO  
28 PROPERLY REFLECT THE REGULATORY BURDEN IMPOSED BY EACH INSURER  
29 ENGAGED IN THE INSURANCE BUSINESS IN THE STATE, THE INSURANCE  
30 REGULATION FEE SHALL BE EXPRESSED AS A PERCENTAGE OF ALL NEW AND  
31 RENEWAL GROSS DIRECT PREMIUMS WRITTEN BY AN INSURER SUBJECT TO THE  
32 INSURANCE REGULATION FEE DURING THE IMMEDIATELY PRECEDING CALENDAR  
33 YEAR.

34 (2) (I) EXCEPT AS PROVIDED IN SUBPARAGRAPH (II) OR  
35 SUBPARAGRAPH (III) OF THIS PARAGRAPH, THE MINIMUM INSURANCE REGULATION  
36 FEE SHALL BE \$2,500.

37 (II) FOR ~~FRATERNAL BENEFIT SOCIETIES AND~~ WORKERS'  
38 COMPENSATION SELF-INSURANCE GROUPS, THE MINIMUM INSURANCE  
39 REGULATION FEE SHALL BE \$1,500.

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

3 (C) IN DETERMINING ADJUSTED PREMIUMS SUBJECT TO THE INSURANCE  
4 REGULATION FEE, THE FOLLOWING DEDUCTIONS SHALL BE MADE FROM GROSS  
5 DIRECT WRITTEN PREMIUMS:

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

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

9 (3) ANY OTHER DEDUCTION THAT THE COMMISSIONER CONSIDERS  
10 REASONABLE.

11 (D) (1) THE BASE ASSESSMENT RATE SHALL EQUAL THE FRACTION  
12 OBTAINED BY DIVIDING THE TOTAL REGULATORY COST, MINUS THE SUM OF ALL  
13 REVENUE PROJECTED TO BE COLLECTED BY THE COMMISSIONER UNDER §  
14 2-504(A)(2) OF THIS SUBTITLE AND ANY FUND BALANCE CARRIED FORWARD FROM  
15 THE PREVIOUS FISCAL YEAR, BY THE TOTAL AMOUNT OF ADJUSTED NEW AND  
16 RENEWAL GROSS DIRECT PREMIUMS WRITTEN IN THE STATE BY ALL INSURERS.

17 (2) EXCEPT AS PROVIDED IN PARAGRAPH (3) OF THIS SUBSECTION, THE  
18 BASE ASSESSMENT RATE FOR THE INSURANCE REGULATION FEE MAY NOT EXCEED  
19 0.0015 OF THE TOTAL AMOUNT OF ADJUSTED NEW AND RENEWAL GROSS DIRECT  
20 PREMIUMS WRITTEN IN THE STATE BY ALL INSURERS.

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

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

28 2-504.

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

30 (1) ALL REVENUE RECEIVED THROUGH THE IMPOSITION OF THE  
31 INSURANCE REGULATION FEE;

32 ~~(2) ALL REVENUE FROM THE IMPOSITION OF ALL OTHER FEES~~  
33 ~~SPECIFIED AGAINST PERSONS OR ENTITIES OTHER THAN INSURERS UNDER THIS~~  
34 ~~ARTICLE; AND~~

35 (2) ALL REVENUE FROM THE IMPOSITION OF:

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

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

43

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

3 (B) THE PURPOSE OF THE FUND IS TO PAY ALL THE COSTS AND EXPENSES  
4 INCURRED BY THE ADMINISTRATION RELATED TO THE REGULATION OF THE  
5 INSURANCE ACTIVITIES OF ALL INSURERS THAT ENGAGE IN BUSINESS IN THE  
6 STATE.

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

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

11 (I) PURSUANT TO AN APPROPRIATION AGAINST THE INSURANCE  
12 REGULATION FUND APPROVED BY THE GENERAL ASSEMBLY IN THE ANNUAL STATE  
13 BUDGET; OR

14 (II) BY THE BUDGET AMENDMENT PROCEDURE PROVIDED FOR IN  
15 § 7-209 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.

16 (3) (I) IN ANY GIVEN FISCAL YEAR, IF THE AMOUNT OF THE  
17 INSURANCE REGULATION FEE REVENUE COLLECTED BY THE COMMISSIONER  
18 UNDER THIS SUBTITLE AND DEPOSITED INTO THE FUND EXCEEDS THE ACTUAL  
19 EXPENDITURES PURSUANT TO APPROPRIATIONS FOR THE ADMINISTRATION, THE  
20 EXCESS AMOUNT SHALL BE CARRIED FORWARD WITHIN THE FUND FOR THE  
21 PURPOSE OF REDUCING THE INSURANCE REGULATION FEE IMPOSED BY THE  
22 ADMINISTRATION FOR THE FOLLOWING FISCAL YEAR.

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

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

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

34 (4) THE AMOUNT APPROPRIATED FOR THE OPERATION OF THE FRAUD  
35 DIVISION:

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

38 (II) SHALL BE USED ONLY FOR THE OPERATION OF THE FRAUD  
39 DIVISION; AND

44

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

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

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

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

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

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

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

13 ~~(3) THE STATE TREASURER SHALL DEPOSIT PAYMENTS RECEIVED~~  
14 ~~FROM THE COMMISSIONER INTO THE FUND.~~

15 2-505.

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

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

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

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

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

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

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

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

1 2-506.

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

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

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

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

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

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

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

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

20 (1) ONE REPRESENTATIVE OF LIFE AND HEALTH INSURERS;

21 (2) ONE REPRESENTATIVE OF PROPERTY AND CASUALTY INSURERS;

22 (3) ONE REPRESENTATIVE OF HEALTH MAINTENANCE  
23 ORGANIZATIONS;

24 (4) ONE REPRESENTATIVE OF NONPROFIT HEALTH SERVICE PLANS;

25 (5) ONE REPRESENTATIVE OF DOMESTIC MUTUAL INSURERS;

26 (6) ONE REPRESENTATIVE OF DOMESTIC STOCK INSURERS;

27 (7) ONE REPRESENTATIVE OF INSURANCE PROFESSIONALS; AND

28 (8) FOUR REPRESENTATIVES OF THE GENERAL PUBLIC.

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

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

46

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

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

5                   (1) BE SUBJECT TO REGULATION BY THE COMMISSIONER;

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

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

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

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

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

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

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

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

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

27                  (I) THE ADMINISTRATION SHALL PROVIDE STAFFING SERVICES FOR THE  
28 ADVISORY COMMITTEE.

29 ~~2-506.~~ 2-507.

30                  THE COMMISSIONER MAY ADOPT REGULATIONS TO IMPLEMENT ANY  
31 PROVISION OF THIS SUBTITLE.

32 3-204.

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

35 3-206.

36                  [After payment of the applicable fee required by § 2-112 of this article, the] THE  
37 Commissioner shall issue to the attorney in fact of each reciprocal insurer that meets the

47

1 requirements of this subtitle a certificate of authority in the name of the reciprocal  
2 insurer.

3 3-207.1.

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

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

11 4-112.

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

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

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

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

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

23 (2) In addition to the provisions imposed under paragraph (1) of this  
24 subsection, an insurer that fails to renew its certificate of authority on or before [June  
25 30] JULY 31 in the previous year shall:

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

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

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

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

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

48

1 6-105.

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

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

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

11 [Subtitle 2. Fraud Prevention Fee.]

12 [6-201.

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

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

17 [6-202.

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

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

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

24 [6-203.

25 The fraud prevention fee shall be:

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

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

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

30 (2) \$10 for each agent licensed by the Commissioner.]

31 [6-204.

32 The Commissioner may adopt regulations to implement any provision of this  
33 subtitle.]



1 6-303.

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

17 8-403.

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

- 21                   (i) Title 1 of this article ("Definitions; General Provisions");
- 22                   (ii) Title 2, Subtitle 1 of this article ("Organization of Administration;  
 23 General Powers and Duties of Commissioner"), including [§ 2-112 of this article  
 24 ("Fees")] §§ 2-112 AND 2-113 OF THIS ARTICLE;
- 25                   (iii) Title 2, Subtitle 2 of this article ("Enforcement");
- 26                   (IV) TITLE 2, SUBTITLE 5 OF THIS ARTICLE;
- 27                   [(iv)] (V) § 3-117 of this article ("Loans to and guarantees of  
 28 obligations of directors and officers");
- 29                   [(v)] (VI) § 3-127 of this article ("Sale of securities");
- 30                   [(vi)] (VII) § 4-102(b) of this article ("Name of insurer");
- 31                   [(vii)] (VIII) § 4-113(a)(7), (8), and (9) of this article ("Mandatory  
 32 grounds");
- 33                   [(viii)] (IX) § 4-203 of this article ("Representing or helping  
 34 unauthorized insurer prohibited");
- 35                   [(ix)] (X) § 4-204 of this article ("Advertisement of unauthorized  
 36 insurers");
- 37                   [(x)] (XI) § 5-103 of this article ("Liabilities");
- 38                   [(xi)] (XII) § 5-201 of this article ("Reserve requirements for life  
 39 insurer, nonprofit health service plan, and fraternal benefit society");

50

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

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

4 [(xiv)] (XV) Title 14, Subtitle X of this article (48A, §§ 468B through  
5 468GB; "Medicare Supplement Act");

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

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

9 8-405.

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

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

16 8-423.

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

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

23 8-444.

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

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

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

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

31 8-450.

32 An applicant for a certificate of qualification shall:

33 (1) file with the Commissioner an application on the form that the  
34 Commissioner provides; and

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

51

1 8-451.

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

3 8-456.

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

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

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

9 8-461.

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

13 8-462.

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

17 8-510.

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

19 (1)] submit to the Commissioner the change in the form that the  
20 Commissioner requires[; and

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

22 10-112.

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

24 (1) file with the Commissioner the appropriate application on the form that  
25 the Commissioner provides;

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

28 (3) [(i)] file with the Commissioner on the form that the Commissioner  
29 provides:

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

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

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

34 [and

52

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

3 (4) submit to the Commissioner an affidavit from the employer of the  
4 applicant stating facts that show compliance with the applicable requirements of §  
5 10-104(c)(2) or (3) of this subtitle, if the applicant qualifies by meeting the experience  
6 requirements of § 10-104(c)(2) or (3) of this subtitle; and

7 (5) submit to the Commissioner any additional information or  
8 documentation that the Commissioner requires, including any information or  
9 documentation to determine the professional competence, good character, and  
10 trustworthiness of the applicant.

11 10-117.

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

14 (1) file with the Commissioner in the form that the Commissioner requires  
15 the change or addition to or deletion from the certificate of qualification[; and

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

18 10-118.

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

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

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

27 10-204.

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

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

33 [(3)] (2) An applicant who is not required to take an examination shall pay  
34 the applicable license fee required by § 2-112 of this article.

35 10-404.

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

53

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

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

6 (2) The examination requirement of paragraph (1) of this subsection does  
7 not apply to an individual who was licensed as a public adjuster in the State on June 30,  
8 1985.

9 14-102.

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

14 (1) this subtitle;

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

17 (3) §§ 4-113 and 4-114 of this article;

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

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

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

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

22 (8) Title 27 of this article; and

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

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

25 (ii) expressly refers to this subtitle; or

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

28 14-109.

29 An applicant for a certificate of authority shall:

30 (1) file with the Commissioner an application on the form that the  
31 Commissioner provides containing the information that the Commissioner considers  
32 necessary; AND

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

54

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

3 (i) articles of incorporation with all amendments;

4 (ii) bylaws with all amendments;

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

8 (iv) each form of contract issued or proposed to be issued to  
9 subscribers to the plan and a table of the rates charged or proposed to be charged to  
10 subscribers for each form of contract;

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

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

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

18 14-110.

19 The Commissioner shall issue a certificate of authority to an applicant if]:

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

22 (2)] the Commissioner is satisfied:

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

25 [(ii)] (2) that:

26 [1.] (I) each contract executed or proposed to be executed by  
27 the applicant and a health care provider to furnish health care services to subscribers to  
28 the nonprofit health service plan, obligates or, when executed, will obligate each health  
29 care provider party to the contract to render the health care services to which each  
30 subscriber is entitled under the terms and conditions of the various contracts issued or  
31 proposed to be issued by the applicant to subscribers to the plan; and

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

36 [(iii)] (3) that:

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

55

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

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

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

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

8 14-121.

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

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

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

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

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

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

23 (4) IN ORDER TO MAINTAIN A CERTIFICATE OF AUTHORITY, A  
24 NONPROFIT HEALTH SERVICE PLAN SHALL COMPLY WITH THE PROVISIONS OF §§  
25 2-112 AND 2-113 AND TITLE 2, SUBTITLE 5 OF THIS ARTICLE.

26 14-126.

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

32 14-405.

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

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

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

56

1 14-408.

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

4 (b) The Commissioner shall renew the certificate of authority of a dental plan  
5 organization if the dental plan organization remains in compliance with this subtitle and  
6 [pays to the Commissioner a renewal fee of \$100] WITH §§ 2-112 AND 2-113 AND TITLE  
7 2, SUBTITLE 5 OF THIS ARTICLE.

8 25-307.

9 The Commissioner [may]:

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

12 (2) [assess each self-insurance group an annual amount of not more than  
13 \$500 to be used for the actuarial studies and audits] SHALL REQUIRE THAT, AS A  
14 CONDITION OF THE COMMISSIONER'S APPROVAL OF THEIR CONTINUED OPERATION  
15 IN THE STATE, EACH SELF-INSURANCE GROUP MUST PAY THE INSURANCE  
16 REGULATION FEE SET OUT UNDER TITLE 2, SUBTITLE 5 OF THIS ARTICLE; and

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

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

21 **Article - Insurance**

22 [2-112.

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

26 (1) fees for certificates of authority:

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

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

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

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



57

1	1. with premiums written in the most recent calendar year not	
2	exceeding \$500,000.....	\$2,500
3	2. with premiums written in the most recent calendar year not	
4	exceeding \$1,000,000 .....	\$5,000
5	3. with premiums written in the most recent calendar year not	
6	exceeding \$2,000,000 .....	\$7,000
7	4. with premiums written in the most recent calendar year not	
8	exceeding \$5,000,000 .....	\$9,000
9	5. with premiums written in the most recent calendar year of	
10	more than \$5,000,000 .....	\$11,000
11	(v) reinstatement of certificate of authority.....	\$500
12	(2) fees for articles of incorporation of a domestic insurer or foreign insurer,	
13	exclusive of fees required to be paid to the Department of Assessments and Taxation:	
14	(i) fee for filing the articles of incorporation with the Commissioner	
15	for approval.....	\$25
16	(ii) fee for amendment of the articles of incorporation.....	\$10
17	(3) fees for filing bylaws or amendments to bylaws with the	
18	Commissioner.....	\$10
19	(4) fees for certificates of qualification:	
20	(i) agent certificate of qualification:	
21	1. fee for initial certificate within 1 year of renewal.....	\$25
22	2. fee for initial certificate over 1 year from renewal.....	\$50
23	3. biennial renewal fee.....	\$50
24	(ii) broker certificate of qualification:	
25	1. fee for initial certificate within 1 year of renewal.....	\$40
26	2. fee for initial certificate over 1 year from renewal.....	\$80
27	3. biennial renewal fee.....	\$80
28	(iii) application fee.....	\$25
29	(iv) managing general agent certificate of qualification:	
30	1. fee for initial certificate.....	\$30
31	2. annual renewal fee.....	\$30
32	(v) surplus lines broker certificate of qualification:	
33	1. fee for initial certificate within 1 year of renewal.....	\$100

58

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

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

3                    (5) fees for appointments:

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

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

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

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

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

9                    (7) fee for approval by the Commissioner of continuing education  
10 courses.....\$50

11                    (8) fees for licenses:

12                                    (i) public adjuster license:

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

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

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

16                                    (ii) adviser license:

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

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

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

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

22                    (10) fees for filing trade names with the Commissioner:

23                                    (i) initial filing.....\$25

24                                    (ii) each amendment.....\$5

25                    (11) fees for valuing life insurance policies, other than group or credit:

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

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

30                    (12) fees for valuing group life insurance policies other than credit, per  
31 million of insurance or any fractional part of insurance.....\$3

59

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

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

5 (15) fees for certification by the Commissioner under seal.....\$5

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

9 (17) fees for form and rate filings under §§ XX-XXX, XX-XXX, XX-XXX,  
10 XX-XXX, XX-XXX, and XX-XXX of this article [48A §§ 242, 242A, 334, 356, 375, and  
11 436H] .....\$100

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

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

17 2-112.

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

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

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

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

26 (2) INSURANCE PROFESSIONALS:

27 (I) ORIGINAL CERTIFICATE OF QUALIFICATION WITHIN 1 YEAR  
28 OF RENEWAL.....~~\$ 45.00~~ \$ 35.00

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

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

33 (3) TEMPORARY CERTIFICATES OF QUALIFICATION:

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

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

60

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

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

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

8 10-118.

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

11 (i)] file with the Commissioner written notice of the appointment or  
12 termination and the reasons for the termination[; and

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

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

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

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

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

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

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

26 SECTION 5. AND BE IT FURTHER ENACTED, That the annual insurance  
27 regulation fee provided for in Article 48A, §§ 41B and 41C of the Code, as enacted by  
28 Section 1 of this Act and as recodified and reenacted in Section 2 of this Act as §§ 2-502  
29 and 2-503 of the Insurance Article, shall be phased in over a period of 3 years according  
30 to a method adopted by the Maryland Insurance Administration. The Administration  
31 shall report to the Senate Finance Committee and House Economic Matters Committee  
32 on the method adopted no later than June 1, 1997.

33 SECTION 4. 6. AND BE IT FURTHER ENACTED, That ~~Section 4~~ Sections 1,  
34 4, and 5 of this Act shall take effect June 1, 1997.

35 SECTION ~~5.~~ 7. AND BE IT FURTHER ENACTED, That Section 2 of this Act  
36 shall take effect October 1, 1997.

37 SECTION ~~6.~~ 8. AND BE IT FURTHER ENACTED, That Section 3 of this Act  
38 shall take effect January 1, 2002.

