

Department of Fiscal Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 279 (Chairman, Economic Matters Committee)
(Departmental - Insurance Administration, Maryland)
Economic Matters Referred to Finance

**Insurance Professionals - Certificate of Qualification -
Issuance, Expiration, Renewal, Reinstatement, and Conditions**

This amended, departmental bill (1) provides for the expiration of certificates of qualification for insurance professionals unless proper renewal is made by specified dates; (2) specifies the procedures for renewal and reinstatement of certificates of qualification, including the amount of fees; (3) specifies continuing education requirements; (4) authorizes the Insurance Commissioner to adopt regulations regarding certificates of qualification; (5) authorizes the issuance of an insurance advisor's license to a nonresident of Maryland in certain cases; (6) establishes a Property and Casualty Insurance Advisory Board and a Life and Health Insurance Advisory Board and repeals certain advisory boards; and (7) removes the June 30, 1997 sunset of the continuing education requirements.

This bill takes effect on June 1, 1997.

Fiscal Summary

State Effect: Potential increase in general fund revenues from fees for reinstatement. To the extent that this bill requires procedural changes, the Maryland Insurance Administration (MIA) could handle them with existing resources.

Local Effect: None.

Small Business Effect: MIA has determined that this bill has minimal or no impact on small businesses (attached). Fiscal Services concurs with this assessment. (The attached assessment does not reflect amendments to the bill.)

Fiscal Analysis

State Effect: Chapter 271 of 1996 authorized the privatization of insurance professional certification by the Maryland Insurance Administration (MIA). This bill is intended to clarify the insurance statute relating to the issuance of certificates of qualification by eliminating inconsistent or ambiguous provisions. MIA anticipates that these changes will allow the private contractor to process licenses more efficiently for the licensing period starting July 1, 1997.

Currently, MIA does not have additional fees for insurance professionals that fail to renew certificates of qualification on a timely basis. The bill requires insurance professionals that fail to renew on a timely basis to pay (1) a reinstatement fee, which is the amount charged for a full renewal period (\$50 for agents, \$80 for brokers, \$200 for advisors, \$50 for public adjusters, \$250 for third party administrators) and \$25 for reinstatement between July 1 and July 31, \$50 for reinstatement between August 1 and August 31, and \$75 for reinstatement between September 1 and September 30; and (2) appointment fees (\$25 each) for appointments that were canceled when the certificate of qualification expired.

For illustrative purposes only, assuming 5% of agents and brokers fail to renew on a timely basis, the net increase in revenue from reinstatement fees, if evenly distributed between July, August, and September, would be about \$149,800. Assuming those agents had only one appointment each, the increased revenue from appointment fees would be about \$68,000. Thus, the total increase in revenues would be about \$217,800 in fiscal 1998. It is expected that increases in revenues will be reduced in future years (licenses are renewed every two years) as more insurance professionals renew on time. It is noted that MIA advises that they would plan a publication campaign to make insurance professionals aware of the changes from this bill.

To the extent the bill requires procedural changes, MIA could handle them with existing resources. In addition, since the repealed advisory boards are replaced with new boards, there is no net effect on State expenditures.

Information Source(s): Maryland Insurance Administration, Department of Fiscal Services

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brd Revised - House Third Reader - March 25, 1997

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