

HOUSE BILL 85

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1998 Regular Session
8lr6031

(PRE-FILED)

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

Requested: October 6, 1997

Introduced and read first time: January 14, 1998

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurers - Mandatory Control Level Event - Delay of Action**

3 FOR the purpose of correcting a cross-reference to clarify that the Insurance
4 Commissioner may delay for a certain period required action after the
5 occurrence of a mandatory control level event for a property and casualty
6 insurer; and generally relating to mandatory control level events.

7 BY repealing and reenacting, with amendments,
8 Article - Insurance
9 Section 4-308
10 Annotated Code of Maryland
11 (1997 Volume)

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

14 **Article - Insurance**

15 4-308.

16 (a) A mandatory control level event occurs when:

17 (1) an insurer files an RBC report that indicates that the insurer has
18 total adjusted capital that is less than its mandatory control level RBC;

19 (2) the Commissioner notifies the insurer of an adjusted RBC report that
20 indicates an event under item (1) of this subsection; or

21 (3) if an insurer requests a hearing to challenge an adjusted RBC report
22 that indicates the event under item (1) of this subsection, the Commissioner notifies
23 the insurer that the Commissioner, after a hearing, has rejected the insurer's
24 challenge.

1 (b) (1) In the case of a life insurer, if a mandatory control level event occurs
2 with respect to the life insurer, the Commissioner shall take any action that may be
3 necessary to place the life insurer under conservation, rehabilitation, or liquidation
4 under Title 9 of this article.

5 (2) In the case of a property and casualty insurer, if a mandatory control
6 level event occurs with respect to the property and casualty insurer, the
7 Commissioner:

8 (i) shall take any action that may be necessary to place the
9 property and casualty insurer under conservation, rehabilitation, or liquidation under
10 Title 9 of this article; or

11 (ii) in the case of a property and casualty insurer that is not writing
12 any new business and that is running off its existing business, may allow the property
13 and casualty insurer to continue its run-off under the supervision of the
14 Commissioner.

15 (c) The Commissioner may delay action under subsection (b)[(1)] of this
16 section for up to 90 days after the occurrence of the mandatory control level event if
17 the Commissioner finds there is a reasonable expectation that the mandatory control
18 level event may be eliminated within the 90-day period.

19 (d) (1) The Commissioner shall have the rights, powers, and duties under
20 Title 9 of this article needed to carry out the requirements of this section.

21 (2) If the Commissioner takes any action under Title 9 of this article
22 pursuant to an adjusted RBC report as provided in this section, the insurer shall be
23 entitled to the protections afforded to insurers under Title 9 of this article with regard
24 to summary proceedings.

25 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
26 effect October 1, 1998.