

HOUSE BILL 85

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1998 Regular Session
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(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

Committee Report: Favorable

House action: Adopted

Read second time: February 10, 1998

CHAPTER _____

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;

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

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

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

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

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

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

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

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

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

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

