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By: **Delegate Poole**

Introduced and read first time: February 12, 1998

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2                                   **Insurance - Repeal of Termination of Exemption -**  
3                                   **Voluntary Noncontractual Religious Publication Arrangements**

4 FOR the purpose of repealing the termination of the exemption from regulation under  
5 the Insurance Article for voluntary noncontractual religious publication  
6 arrangements; repealing certain obsolete provisions of law relating to the  
7 termination provision; and generally relating to the scope of regulation of  
8 voluntary noncontractual religious publication arrangements under the  
9 Insurance Article.

10 BY repealing and reenacting, without amendments,  
11 Article - Insurance  
12 Section 1-202  
13 Annotated Code of Maryland  
14 (1997 Volume)

15 BY repealing and reenacting, with amendments,  
16 Chapter 544 of the Acts of the General Assembly of 1995  
17 Section 5

18 BY repealing  
19 Chapter 70 of the Acts of the General Assembly of 1997  
20 Section 25

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

23                                   **Article - Insurance**

24 1-202.

25 This article does not apply to:

26                   (1) a fraternal benefit society, except as provided in Title 8, Subtitle 4 of  
27 this article;

- 1 (2) a nonprofit health service plan, except as otherwise provided in this  
2 article; or
- 3 (3) an organization that:
- 4 (i) is organized and operated as a nonprofit organization  
5 exclusively for the purpose of helping nonprofit educational or scientific institutions  
6 by issuing annuity contracts only to or for the benefit of those institutions or  
7 individuals serving those institutions;
- 8 (ii) irrevocably appoints the Commissioner as attorney to receive  
9 service of process issued against it in the State so as to bind the organization and its  
10 successors and to remain in effect as long as there is in force in the State a contract or  
11 obligation arising from it;
- 12 (iii) is legally organized and qualified to do business and has been  
13 actively doing business under the laws of its state of domicile for at least 10 years  
14 before July 1, 1977;
- 15 (iv) files with the Commissioner a copy of any contract form issued  
16 to residents of this State;
- 17 (v) files with the Commissioner on or before March 1 of each year:
- 18 1. a copy of its annual statement prepared under the laws of  
19 its state of domicile; and
- 20 2. any other financial material that the Commissioner  
21 requests;
- 22 (vi) agrees to submit to periodic examinations as the Commissioner  
23 considers necessary; and
- 24 (vii) pays the premium tax imposed by Title 6 of this article on all  
25 premiums allocable to this State for life insurance and health insurance in effect for  
26 residents of this State; or
- 27 (4) a voluntary noncontractual religious publication arrangement that:
- 28 (i) is a nonprofit religious organization for which the State may not  
29 be held in any way liable or responsible for any of its debts, claims, obligations, or  
30 liabilities;
- 31 (ii) publishes a newsletter whose subscribers are limited to  
32 members of the same denomination or religion;
- 33 (iii) acts as an organizational clearinghouse for information between  
34 subscribers who have medical costs and subscribers who choose to assist with those  
35 costs;

- 1 (iv) matches subscribers with a willingness to pay and subscribers  
2 with present medical costs;
- 3 (v) coordinates payments directly from one subscriber to another;
- 4 (vi) suggests amounts to give that are voluntary among the  
5 subscribers, with no assumption of risk or promise to pay either among the  
6 subscribers or between the subscribers and the organization;
- 7 (vii) does not use a compensated agent, representative, or other  
8 person to solicit or enroll subscribers;
- 9 (viii) does not make a direct or indirect representation that it is  
10 operating in a financially sound manner or that it has had a successful history of  
11 meeting subscribers' medical costs;
- 12 (ix) provides to each subscriber a written monthly statement listing  
13 both the total dollar amount of qualified medical costs submitted for publication and  
14 the amount actually published and assigned for payment;
- 15 (x) does not use funds paid by subscribers for medical costs to cover  
16 administrative costs;
- 17 (xi) submits a registration statement, including a copy of any  
18 application forms and guidelines, promotional, or informational material distributed  
19 by or on behalf of the arrangement, to the Secretary of State in accordance with the  
20 provisions of Title 6, Subtitle 4 of the Business Regulation Article; and
- 21 (xii) provides the following verbatim written disclaimer as a  
22 separate cover sheet for any and all documents distributed by or on behalf of the  
23 exempt arrangement, including applications, guidelines, promotional, or  
24 informational material and all periodic publications:

25 "Notice

26 This publication is not issued by an insurance company nor is it offered through  
27 an insurance company. It does not guarantee or promise that your medical bills will  
28 be published or assigned to others for payment. No other subscriber will be compelled  
29 to contribute toward the cost of your medical bills. Therefore, this publication should  
30 never be considered a substitute for an insurance policy. This activity is not regulated  
31 by the State Insurance Administration, and your liabilities are not covered by the Life  
32 and Health Guaranty Fund. Whether or not you receive any payments for medical  
33 expenses and whether or not this entity continues to operate, you are always liable for  
34 any unpaid bills."

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#### Chapter 544 of the Acts of 1995

36 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
37 take effect October 1, 1997. [It shall remain effective for a period of one year and, at

1 the end of September 30, 1998, with no further action required by the General  
2 Assembly, this Act shall be abrogated and of no further force and effect.]

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**Chapter 70 of the Acts of 1997**

4 [SECTION 25. AND BE IT FURTHER ENACTED, That, at the end of  
5 September 30, 1998, and with no further action required by the General Assembly, §  
6 1-202 of the Insurance Article, as enacted by Chapter \_\_\_\_ (H.B. 11) of the Acts of the  
7 General Assembly of 1997, shall be void and § 1-202 of the Insurance Article, as  
8 enacted by Section 10 of this Act, shall take effect. This section supersedes the  
9 termination and abrogation provisions of Section 4 of Chapter 544 of the Acts of the  
10 General Assembly of 1995.]

11 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
12 July 1, 1998.