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By: **Delegate Poole**  
Introduced and read first time: February 12, 1998  
Assigned to: Economic Matters

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Committee Report: Favorable  
House action: Adopted  
Read second time: March 19, 1998

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CHAPTER\_\_\_\_\_

1 AN ACT concerning

2 **Insurance - Repeal of Termination of Exemption from Regulation -**  
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:

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**Article - Insurance**

2 1-202.

3 This article does not apply to:

4 (1) a fraternal benefit society, except as provided in Title 8, Subtitle 4 of  
5 this article;6 (2) a nonprofit health service plan, except as otherwise provided in this  
7 article; or

8 (3) an organization that:

9 (i) is organized and operated as a nonprofit organization  
10 exclusively for the purpose of helping nonprofit educational or scientific institutions  
11 by issuing annuity contracts only to or for the benefit of those institutions or  
12 individuals serving those institutions;13 (ii) irrevocably appoints the Commissioner as attorney to receive  
14 service of process issued against it in the State so as to bind the organization and its  
15 successors and to remain in effect as long as there is in force in the State a contract or  
16 obligation arising from it;17 (iii) is legally organized and qualified to do business and has been  
18 actively doing business under the laws of its state of domicile for at least 10 years  
19 before July 1, 1977;20 (iv) files with the Commissioner a copy of any contract form issued  
21 to residents of this State;

22 (v) files with the Commissioner on or before March 1 of each year:

23 1. a copy of its annual statement prepared under the laws of  
24 its state of domicile; and25 2. any other financial material that the Commissioner  
26 requests;27 (vi) agrees to submit to periodic examinations as the Commissioner  
28 considers necessary; and29 (vii) pays the premium tax imposed by Title 6 of this article on all  
30 premiums allocable to this State for life insurance and health insurance in effect for  
31 residents of this State; or

32 (4) a voluntary noncontractual religious publication arrangement that:

33 (i) is a nonprofit religious organization for which the State may not  
34 be held in any way liable or responsible for any of its debts, claims, obligations, or  
35 liabilities;

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

30 "Notice

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

1 expenses and whether or not this entity continues to operate, you are always liable for  
2 any unpaid bills."

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**Chapter 544 of the Acts of 1995**

4 SECTION 5. AND BE IT FURTHER ENACTED, That Section 2 of this Act shall  
5 take effect October 1, 1997. [It shall remain effective for a period of one year and, at  
6 the end of September 30, 1998, with no further action required by the General  
7 Assembly, this Act shall be abrogated and of no further force and effect.]

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**Chapter 70 of the Acts of 1997**

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

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