

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE

House Bill 25 (Delegate Holt)

Economic Matters

Insurance Agents - Renewal of Certificate of Qualification

This bill prohibits the Insurance Commissioner from refusing to renew a certificate of qualification solely because the holder does not have an appointment from an insurer.

Fiscal Summary

State Effect: Potential general fund revenue increase of up to \$10,000 every two years from additional renewal fees. It is assumed that any amount charged by the private licensing contractor for programming changes would be passed on to the insurance companies doing business in Maryland.

Local Effect: None.

Small Business Effect: None. Since agents cannot engage in insurance business without an appointment, the ability to renew a certificate of qualification without an appointment would not have an economic impact on these small businesses.

Fiscal Analysis

State Effect: The bill would allow more agents to renew their certificates of qualification. This could result in the collection of some additional renewal fees. Based on a \$50 renewal fee every two years and approximately 200 agents that have not had an appointment for two or more years, revenues could increase by up to \$10,000 in a two-year cycle.

Last year, the Maryland Insurance Administration (MIA) contracted with Assessment Systems, Inc. (ASI) to perform agent licensing services. It is estimated that ASI's charge for the programming changes necessitated by this bill would be \$10,000. Assuming MIA receives approval from the Board of Public Works to alter the contract to increase the annual fee to insurance companies, the amount would be passed on to insurance companies doing business in the State. ASI's five-year contract amounts to \$1.685 million annually. For the first annual cycle, the cost billed to insurance companies was \$3.73 per agent.

Additional Comments: It is noted that the Annual Corrective Bill (SB 93) includes a section which was mistakenly repealed during the insurance code revision. Section 10-115(f) provides that the Commissioner may not renew the certificate of qualification of an agent if, for two years before the date of renewal, the agent has not had any appointments from insurers doing business in the State.

Information Source(s): Maryland Insurance Administration

Fiscal Note History: First Reader - February 3, 1998

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