

Department of Legislative Services
Maryland General Assembly

FISCAL NOTE
Revised

House Bill 1355 (Delegate Love)
Economic Matters

Insurance - Penalties

This bill increases from \$500 to \$2,500 the maximum penalties that may be imposed on insurers for each unfair claims settlement practice committed.

The bill also increases from \$50,000 to \$125,000 the maximum penalties for violations under the Insurance Article for which the Insurance Commissioner has the discretion to suspend or revoke a certificate of authority. The bill requires the commissioner to establish standards for the imposition of such penalties.

Fiscal Summary

State Effect: Indeterminate increase in general fund revenues. Expenditures would not be affected.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

State Revenues: Any increase in general fund revenues from additional penalties depends on enforcement by the Insurance Commissioner. As a point of reference only, based on the Maryland Insurance Administration's (MIA's) most recent annual report, in fiscal 1996 MIA collected \$900,000 in penalties from 20 life and health insurance companies and \$155,000 from 15 property and casualty insurance companies.

Information Source(s): Maryland Insurance Administration, Office of Administrative Hearings, Department of Legislative Services

Fiscal Note History: First Reader - March 4, 1998
Inc Revised - Enrolled Bill - April 28, 1998

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