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By: **Delegate Busch**  
Introduced and read first time: February 22, 1999  
Assigned to: Rules and Executive Nominations

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A BILL ENTITLED

1 AN ACT concerning

2 **Stop-Loss Insurance Policies - Small Employer Groups**

3 FOR the purpose of providing that a stop-loss insurance policy or contract delivered  
4 or issued for delivery in Maryland to small employer groups may not have  
5 attachment points below certain amounts; and generally relating to the  
6 regulation of stop-loss insurance policies and contracts.

7 BY adding to  
8 Article - Insurance  
9 Section 15-126  
10 Annotated Code of Maryland  
11 (1997 Volume and 1998 Supplement)

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 15-126.

16 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS  
17 INDICATED.

18 (2) "AGGREGATE ATTACHMENT POINT" MEANS THE PERCENTAGE OF  
19 EXPECTED CLAIMS FOR ALL BENEFICIARIES IN A POLICY YEAR ABOVE WHICH THE  
20 INSURER ASSUMES ALL OR PART OF THE LIABILITY FOR BENEFITS PAYABLE BY THE  
21 HEALTH PLAN.

22 (3) "BENEFICIARY" MEANS AN INDIVIDUAL ENTITLED TO BENEFITS  
23 UNDER A HEALTH PLAN.

24 (4) "EXPECTED CLAIMS" MEANS THE AMOUNT OF CLAIMS THAT, IN THE  
25 ABSENCE OF STOP-LOSS INSURANCE, ARE PROJECTED TO BE INCURRED BY THE  
26 HEALTH PLAN USING REASONABLE AND ACCEPTED ACTUARIAL PRINCIPLES.

1 (5) "HEALTH PLAN" MEANS AN EMPLOYEE BENEFIT PLAN THAT  
2 PROVIDES MEDICAL CARE TO EMPLOYEES OR THEIR DEPENDENTS.

3 (6) "SMALL EMPLOYER" HAS THE MEANING STATED IN § 15-1201(M) OF  
4 THIS TITLE.

5 (7) "SPECIFIC ATTACHMENT POINT" MEANS THE AMOUNT FOR A  
6 BENEFICIARY IN A POLICY YEAR ABOVE WHICH THE INSURER ASSUMES ALL OR PART  
7 OF THE LIABILITY FOR BENEFITS PAYABLE BY THE HEALTH PLAN.

8 (8) "STOP-LOSS INSURANCE" MEANS INSURANCE PROVIDED TO AN  
9 EMPLOYER, OR TRUSTEE OR ASSOCIATION ON BEHALF OF AN EMPLOYER, AGAINST  
10 LIABILITY FOR BENEFITS PAYABLE BY A HEALTH PLAN.

11 (B) THIS SECTION APPLIES TO EACH STOP-LOSS INSURANCE POLICY OR  
12 CONTRACT THAT IS DELIVERED OR ISSUED FOR DELIVERY IN THE STATE TO A SMALL  
13 EMPLOYER.

14 (C) A POLICY OR CONTRACT SUBJECT TO THIS SECTION MAY NOT HAVE:

15 (1) A SPECIFIC ATTACHMENT POINT OF LESS THAN \$10,000; OR

16 (2) AN AGGREGATE ATTACHMENT POINT OF LESS THAN 115% OF  
17 EXPECTED CLAIMS.

18 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
19 June 1, 1999.