
By: ~~Delegate Busch~~ Delegates Busch, Donoghue, Love, Mitchell, McHale,
Eckardt, Goldwater, Barve, Krysiak, Harrison, Kirk, Hill, Brown, Moe,
and Fulton

Introduced and read first time: February 22, 1999
Assigned to: Rules and Executive Nominations
Re-referred to: Economic Matters, February 25, 1999

Committee Report: Favorable with amendments
House action: Adopted with floor amendments
Read second time: March 26, 1999

CHAPTER _____

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

1 STOP-LOSS INSURER ASSUMES ALL OR PART OF THE LIABILITY FOR BENEFITS
2 PAYABLE BY THE HEALTH PLAN.

3 ~~(3)~~ "BENEFICIARY" MEANS AN INDIVIDUAL ENTITLED TO BENEFITS
4 UNDER A HEALTH PLAN LOSSES INCURRED BY THE INSURED.

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

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

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

13 ~~(7)~~ (5) "SPECIFIC ATTACHMENT POINT" MEANS THE DOLLAR AMOUNT
14 FOR A BENEFICIARY SINGLE LOSS IN A POLICY YEAR ABOVE BEYOND WHICH THE
15 STOP-LOSS INSURER ASSUMES ALL OR PART OF THE LIABILITY FOR BENEFITS
16 PAYABLE LOSSES INCURRED BY THE HEALTH PLAN INSURED.

17 ~~(8)~~ (6) "STOP-LOSS INSURANCE" MEANS INSURANCE PROVIDED TO AN
18 EMPLOYER, OR TRUSTEE OR ASSOCIATION ON BEHALF OF AN EMPLOYER, AGAINST
19 LIABILITY FOR BENEFITS PAYABLE BY A HEALTH PLAN THAT IS PURCHASED BY A
20 PERSON, OTHER THAN A HEALTH CARE PROVIDER, TO PROTECT THE PERSON
21 AGAINST CATASTROPHIC, EXCESS, OR UNEXPECTED LOSSES SUSTAINED BY THE
22 PERSON.

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

26 (C) AN INSURER MAY NOT ISSUE, DELIVER OR OFFER A POLICY OR CONTRACT
27 SUBJECT TO THIS SECTION MAY NOT HAVE OF STOP-LOSS INSURANCE, IF THE
28 POLICY HAS:

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

30 (2) AN AGGREGATE ATTACHMENT POINT OF LESS THAN 115% OF
31 EXPECTED CLAIMS.

32 (D) AN INSURER WHO OFFERS OR ISSUES A STOP-LOSS INSURANCE POLICY
33 THAT DOES NOT MEET THE REQUIREMENTS OF THIS SECTION SHALL BE SUBJECT TO
34 THE SANCTIONS SET FORTH IN § 4-113 OF THIS ARTICLE FOR AUTHORIZED INSURERS
35 AND § 4-212 OF THIS ARTICLE FOR UNAUTHORIZED INSURERS.

36 (E) NOTHING IN THIS SECTION SHALL BE CONSTRUED AS:

1 (1) IMPOSING ANY REQUIREMENT OR DUTY ON ANY PERSON OTHER
2 THAN AN INSURER; OR

3 (2) TREATING ANY STOP-LOSS POLICY AS A DIRECT POLICY OF HEALTH
4 INSURANCE.

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