

Department of Legislative Services
Maryland General Assembly
1999 Session

FISCAL NOTE

House Bill 424 (Delegate Kach. *et al.*)

Economic Matters

Insurance Rating Law - Exempt Commercial Policyholders

This bill exempts insurance policies issued to large commercial policyholders from form filing requirements with the Maryland Insurance Administration. The commercial policyholder must meet specified criteria to be considered exempt and the forms must be kept available for inspection by the Insurance Commissioner. The bill also requires that the forms be conspicuously marked as exempt from the form filing and approval requirements.

Fiscal Summary

State Effect: Indeterminate decrease in special fund revenues and special fund personnel expenditures due to a reduction in workload.

Local Effect: None.

Small Business Effect: None.

Fiscal Analysis

Bill Summary: The bill exempts policies issued to large commercial policyholders. In order to be considered exempt, the policyholder must meet any 2 of the following criteria:

- ° pays annual property and casualty insurance premiums, excluding workers' compensation, of \$25,000 or more;
- ° generates annual net revenues or sales in excess of \$50 million;
- ° employs at least 25 full-time employees at the time the policy is written or renewed;

- procures its insurance through an employee acting as an insurance manager or a retained qualified insurance adviser;
- possesses a net worth in excess of \$25 million;
- is a nonprofit organization or a unit of the State or local government with an annual budget of at least \$25 million; or
- is a political subdivision with a population in excess of 25,000 persons.

State Effect: Special fund revenues would decrease by an indeterminate amount because policies and forms for certain large commercial policyholders would not be subject to a \$125 rate and form filing fee by the Maryland Insurance Administration. However, information regarding the number of policies related to large commercial policyholders that would be affected by this bill is not readily available. A corresponding indeterminate decrease in the administration's workload would result because new and revised policies that are currently required to be reviewed would be exempt. Any reduction in personnel expenditures because of the reduction in workload cannot be estimated at this time.

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

Fiscal Note History: First Reader - February 17, 1999

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Analysis by: Karen S. Benton

Direct Inquiries to:

John Rixey, Coordinating Analyst

(410) 946-5510

(301) 970-5510