

Department of Legislative Services  
Maryland General Assembly  
2000 Session

**FISCAL NOTE**  
**Revised**

Senate Bill 598 (Senator Dorman)

Finance

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**Insurance Rating Law - Exempt Commercial Policyholders**

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This bill exempts insurance policies issued to large commercial policyholders from form filing requirements with the Maryland Insurance Administration (MIA). For the policy to be considered exempt, the commercial policyholder must meet specified criteria and must certify in writing to the insurer issuing coverage that it meets the criteria necessary for the exemption.

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**Fiscal Summary**

**State Effect:** Special fund revenues would decrease to the extent insurers of commercial policyholders would no longer be subject to the \$125 rate and form filing fee imposed by MIA. The number of filings related to these commercial policyholders cannot be accurately estimated at this time.

**Local Effect:** None.

**Small Business Effect:** None.

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**Analysis**

**Bill Summary:** This bill exempts policies issued to commercial policyholders from the \$125 rate and form filing fee imposed by MIA. In order for a policy to be considered exempt, the policyholder must pay annual property and casualty insurance premiums of \$75,000 or more for commercial insurance policies issued in the State and must meet any two of the following criteria:

- generate annual net revenues or sales in excess of \$10 million;

- possess a net worth in excess of \$5 million;
- employ at least 25 full-time employees;
- be a nonprofit organization or a unit of the State or local government with an annual budget of at least \$10 million; or
- be a municipal corporation with a population of at least 15,000 persons.

The commercial policyholder must certify in writing to the insurer issuing coverage and the Insurance Commissioner that it meets the criteria necessary for the exemption. The bill does not apply to filing of workers' compensation insurance policy forms. The Commissioner may require, by regulation, that insurers provide MIA with information on the number and types of policies written for exempt commercial policyholders. On written request by the Commissioner, an insurer must file a form and endorsement issued to an exempt commercial policyholder. The bill clarifies that except for the exemption from form filing requirements provided in the bill, a form or endorsement issued to an exempt commercial policyholder is subject to all applicable provisions of the Insurance Article.

**Current Law:** Each insurer is required to file all proposed rates, supplementary rate information, policy forms, and endorsements and modifications with MIA. With the exceptions of certain specified marine risk rates and specified surety or guarantee bonds, documents filed with MIA may not take effect until 30 working days after being filed, unless the Commissioner approves.

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### **Additional Information**

**Prior Introductions:** Substantially similar bills were introduced in the 1999 session as SB 349 and HB 424. SB 349 received an unfavorable report from the Senate Finance Committee, and HB 424 received an unfavorable report from the House Economic Matters Committee.

**Cross File:** HB 818 (Delegate Kach) - Economic Matters.

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

**Fiscal Note History:** First Reader - February 15, 2000  
mld/jr Revised - Senate Third Reader - March 23, 2000  
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Analysis by: Ryan Wilson

Direct Inquiries to:  
John Rixey, Coordinating Analyst  
(410) 946-5510  
(301) 970-5510