

**Department of Legislative Services**  
Maryland General Assembly  
2001 Session

**FISCAL NOTE**

House Bill 153 (Chairman, Economic Matters Committee)  
(Departmental – Insurance Administration, Maryland)

Economic Matters

Finance

---

**Insurance - Risk Based Capital Standards for Insurers - Exemption**

---

This departmental bill authorizes the Maryland Insurance Commissioner to exempt from the risk based capital (RBC) standards a domestic health insurer that: (1) writes direct business only in Maryland, assumes no reinsurance exceeding 5% of direct premiums written, and writes direct annual premiums for comprehensive medical business of \$2,000,000 or less; or (2) covers fewer than 2,000 lives if the health insurer is a nonprofit dental services coverage provider or a dental plan organization.

---

**Fiscal Summary**

**State Effect:** The bill's requirements could be handled with existing budgeted resources.

**Local Effect:** None.

**Small Business Effect:** The Maryland Insurance Administration (MIA) has determined that this bill has minimal or no impact on small business (attached). Legislative Services concurs with this assessment.

---

**Analysis**

**Current Law:** All insurers must comply with prescribed RBC standards. The commissioner may exempt from the RBC standards domestic property and casualty insurers that: (1) write direct business only in Maryland; (2) write direct annual premiums of \$2,000,000 or less; and (3) assume no reinsurance exceeding 5% of direct premiums written.

**Background:** Chapter 331 of 2000 (HB 92) applied RBC standards that previously applied to life insurers and property and casualty insurers to health insurers, nonprofit health service plans, health maintenance organizations (HMOs), dental plan organizations, and provider-sponsored organizations.

MIA advises that no HMOs would currently qualify for the exemption. MIA further advises that four or five dental plan organizations may qualify for the exemption. These organizations would incur lower operating costs because they would not have to meet RBC standards and file RBC reports. MIA advises that health insurers with a small market presence are adequately protected by the minimum surplus requirement.

---

### **Additional Information**

**Prior Introductions:** None.

**Cross File:** SB 46 (Chairman, Finance Committee) – Finance.

**Information Source(s):** Department of Legislative Services

**Fiscal Note History:** First Reader – January 19, 2001  
cm/jr

---

Analysis by: Ryan Wilson

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