

Department of Legislative Services  
Maryland General Assembly  
2001 Session

FISCAL NOTE

Senate Bill 695 (Senator Astle)

Finance

Economic Matters

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Financial Guaranty Insurance Companies - Definition and Home Office Requirement

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This bill allows financial guaranty insurance companies to have a home office outside the State by altering the definition of a “financial guaranty insurance company” to mean an insurer that derives at least 90% of its gross written premium from the business of financial guaranty insurance and financial guaranty reinsurance. The bill deletes the part of the definition that requires a financial guaranty insurance company to have claims-paying ability rated in the highest possible category by at least one nationally recognized statistical rating organization.

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Fiscal Summary

**State Effect:** The bill would not directly affect the operations or finances of the Maryland Insurance Administration (MIA).

**Local Effect:** None.

**Small Business Effect:** Potential minimal.

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Analysis

**Current Law:** A domestic insurer may not move its home or executive office out of the State without notice to and approval by the Insurance Commissioner. However, a financial guaranty insurance company or financial guaranty reinsurance company that became domiciled in the State on or before December 31, 1993 is not required to have an office in the State.

**Background:** MIA advises that by removing the requirement that a financial guaranty insurance company maintain its claims-paying ability rated in the highest possible category, one of the State's two financial guaranty insurance companies would no longer be required to maintain an office in the State.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** HB 937 (Delegate Brown) – Economic Matters.

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

**Fiscal Note History:** First Reader – February 16, 2001  
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