
By: **Chairman, Finance Committee**
Introduced and read first time: February 1, 2002
Assigned to: Finance

Committee Report: Favorable with amendments
Senate action: Adopted
Read second time: March 30, 2002

CHAPTER _____

1 AN ACT concerning

2 **Maryland Insurance Administration - Program Evaluation**

3 FOR the purpose of extending to a certain date the evaluation of the Maryland
4 Insurance Administration under the provisions of the Maryland Program
5 Evaluation Act; ~~transferring the Insurance Fraud Division from the~~
6 ~~Administration to the Department of State Police; requiring the Department to~~
7 ~~administer certain laws; providing for the management of the Insurance Fraud~~
8 ~~Division; specifying the duties of the Insurance Fraud Division; establishing a~~
9 ~~fund to cover the costs and expenses of the Insurance Fraud Division;~~
10 ~~establishing an annual reporting requirement for the Insurance Fraud Division;~~
11 ~~specifying altering the contents of the a certain annual report; establishing a~~
12 ~~certain date on which a certain annual report is due; repealing certain fees;~~
13 ~~creating a certain exemption; altering the classification of certain revenue;~~
14 ~~altering a certain definition definitions; altering the contents of a certain fund;~~
15 ~~requiring that certain revenue be used in a certain way; clarifying that certain~~
16 ~~provisions relating to fraudulent insurance acts apply to health maintenance~~
17 ~~organizations; requiring the Insurance Administration to collect, on a quarterly~~
18 ~~basis, certain fees and distribute a certain amount of money to a certain~~
19 ~~administrative account at certain times; requiring certain revenue deposited in~~
20 ~~a certain fund to be carried forward in the fund; requiring a certain assessment~~
21 ~~fee to be adjusted in a certain manner; requiring certain money to be deposited~~
22 ~~into a certain fund to be used for a certain purpose; requiring the Commissioner~~
23 ~~of the Insurance Administration to establish certain fees in regulation; requiring~~
24 ~~the Insurance Commissioner to transfer certain money at certain times to the~~
25 ~~Department for certain purposes; altering the amount of certain fees; altering a~~
26 ~~certain evaluation requirement; providing for the transfer of the Insurance~~
27 ~~Fraud Division and its personnel, expenses, records, equipment, assets, and~~
28 ~~liabilities from the Insurance Administration to the Department; requiring the~~

1 Insurance Administration to report to certain committees on or before a certain
 2 date; specifying the contents of a certain report; ~~defining certain terms~~; and
 3 generally relating to the statutory and regulatory authority of the Maryland
 4 Insurance Administration.

5 BY repealing

6 Article - Insurance

7 Section ~~2-112(a)(11), 2-208, 2-401 through 2-406, and 2-408 and the subtitle~~

8 "Subtitle 4. Insurance Fraud Division" 2-105(e) and 2-406

9 Annotated Code of Maryland

10 (1997 Volume and 2001 Supplement)

11 BY adding to

12 Article - Health - General

13 Section 19-706(ww)

14 Annotated Code of Maryland

15 (2000 Replacement Volume and 2001 Supplement)

16 BY repealing and reenacting, with amendments,

17 Article - Insurance

18 Section 2-110, 2-112(a), 2-114, 2-501(b), (e), (h), and (l), 2-503, and 2-505(c)

19 Annotated Code of Maryland

20 (1997 Volume and 2001 Supplement)

21 BY adding to

22 Article - Insurance

23 Section 6-107(d)

24 Annotated Code of Maryland

25 (1997 Volume and 2001 Supplement)

26 ~~BY renumbering~~

27 ~~Article - Insurance~~

28 ~~Section 6-204~~

29 ~~to be Section 6-205~~

30 ~~Annotated Code of Maryland~~

31 ~~(1997 Volume and 2001 Supplement)~~

32 ~~BY repealing and reenacting, with amendments,~~

33 ~~Article 88B - Department of State Police~~

34 ~~Section 13~~

35 ~~Annotated Code of Maryland~~

36 ~~(1998 Replacement Volume and 2001 Supplement)~~

37 ~~BY adding to~~

1 ~~Article 88B—Department of State Police~~
 2 ~~Section 87 through 92, inclusive, to be under the new subtitle "Insurance Fraud~~
 3 ~~Division"~~
 4 ~~Annotated Code of Maryland~~
 5 ~~(1998 Replacement Volume and 2001 Supplement)~~

6 ~~BY repealing and reenacting, with amendments,~~
 7 ~~Article Insurance~~
 8 ~~Section 2-110, 2-114, 2-501(b), 2-503, 2-505, 6-202, 6-203, 20-502(e), and~~
 9 ~~27-801(b)~~
 10 ~~Annotated Code of Maryland~~
 11 ~~(1997 Volume and 2001 Supplement)~~

12 ~~BY adding to~~
 13 ~~Article Insurance~~
 14 ~~Section 6-107(d) and 6-204~~
 15 ~~Annotated Code of Maryland~~
 16 ~~(1997 Volume and 2001 Supplement)~~

17 BY repealing and reenacting, with amendments,
 18 Article - State Government
 19 Section 8-403(b)(34)
 20 Annotated Code of Maryland
 21 (1999 Replacement Volume and 2001 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 23 MARYLAND, That Section(s) ~~2-401 through 2-406, inclusive, and 2-408 and the~~
 24 ~~subtitle "Subtitle 4, Insurance Fraud Division" 2-105(e) and 2-406 of Article -~~
 25 ~~Insurance of the Annotated Code of Maryland be repealed.~~

26 SECTION 2. ~~AND BE IT FURTHER ENACTED, That Section(s) 6-204 of~~
 27 ~~Article Insurance of the Annotated Code of Maryland be renumbered to be~~
 28 ~~Section(s) 6-205.~~

29 SECTION ~~3.~~ 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland
 30 read as follows:

31 **~~Article 88B—Department of State Police~~**

32 ~~13:~~

33 ~~The Department shall administer the laws relating to the sales of pistols and~~
 34 ~~revolvers, the licensing and supervision of private detective agencies and certification~~
 35 ~~of private detectives and security guards, the registration of eavesdropping or~~
 36 ~~wiretapping devices, THE INVESTIGATION AND PROSECUTION OF INSURANCE~~
 37 ~~FRAUD, and the inspection of certain classes of motor vehicles as provided elsewhere~~

1 in this Code. The Department shall perform such other duties as may be assigned
2 from time to time by the General Assembly.

3 **INSURANCE FRAUD DIVISION**

4 87.

5 (A) ~~IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS~~
6 ~~INDICATED.~~

7 (B) ~~"FRAUD DIVISION" MEANS THE INSURANCE FRAUD DIVISION IN THE~~
8 ~~DEPARTMENT.~~

9 (C) ~~"INSURANCE FRAUD" MEANS:~~

10 (1) ~~A VIOLATION OF TITLE 27, SUBTITLE 4 OF THE INSURANCE ARTICLE;~~

11 (2) ~~THEFT, AS SET OUT UNDER ARTICLE 27, §§ 340 THROUGH 342 OF THE~~
12 ~~CODE;~~

13 (I) ~~FROM A PERSON REGULATED UNDER THE INSURANCE~~
14 ~~ARTICLE; OR~~

15 (II) ~~BY A PERSON REGULATED UNDER THE INSURANCE ARTICLE OR~~
16 ~~AN OFFICER, DIRECTOR, AGENT, OR EMPLOYEE OF A PERSON REGULATED UNDER~~
17 ~~THE INSURANCE ARTICLE; OR~~

18 (3) ~~ANY OTHER FRAUDULENT ACTIVITY SET OUT UNDER ARTICLE 27 OF~~
19 ~~THE CODE THAT IS COMMITTED BY OR AGAINST A PERSON REGULATED UNDER THE~~
20 ~~INSURANCE ARTICLE.~~

21 88.

22 ~~THERE IS AN INSURANCE FRAUD DIVISION IN THE DEPARTMENT.~~

23 89.

24 (A) ~~THE HEAD OF THE FRAUD DIVISION IS THE MANAGER.~~

25 (B) (1) ~~THE MANAGER OF THE FRAUD DIVISION SHALL BE APPOINTED BY~~
26 ~~THE SECRETARY WITH THE APPROVAL OF THE GOVERNOR.~~

27 (2) ~~THE MANAGER IS AN EMPLOYEE OF THE DEPARTMENT.~~

28 (3) ~~THE MANAGER REPORTS DIRECTLY TO AND IS UNDER THE DIRECT~~
29 ~~SUPERVISION OF THE SECRETARY.~~

30 (C) ~~THE MANAGER OF THE FRAUD DIVISION IS UNCLASSIFIED AND IS~~
31 ~~ENTITLED TO ANNUAL COMPENSATION AS PROVIDED IN THE STATE BUDGET.~~

~~(D) THE MANAGER OF THE FRAUD DIVISION IS RESPONSIBLE FOR THE OPERATION OF THE FRAUD DIVISION AND THE EXERCISE OF ALL AUTHORITY GRANTED TO THE FRAUD DIVISION UNDER THIS SUBTITLE.~~

~~90.~~

~~THE FRAUD DIVISION:~~

~~(1) HAS THE AUTHORITY TO INVESTIGATE EACH PERSON SUSPECTED OF ENGAGING IN INSURANCE FRAUD;~~

~~(2) IF APPROPRIATE AFTER AN INVESTIGATION:~~

~~(I) SHALL REFER SUSPECTED CASES OF INSURANCE FRAUD TO THE OFFICE OF THE ATTORNEY GENERAL OR APPROPRIATE LOCAL STATE'S ATTORNEY TO PROSECUTE THE PERSON CRIMINALLY FOR INSURANCE FRAUD;~~

~~(II) SHALL NOTIFY THE APPROPRIATE PROFESSIONAL LICENSING BOARD OR DISCIPLINARY BODY OF EVIDENCE OF INSURANCE FRAUD THAT INVOLVES PROFESSIONALS; AND~~

~~(III) SHALL NOTIFY THE APPROPRIATE PROFESSIONAL LICENSING BOARD OF EVIDENCE OF GROSS OVERUTILIZATION OF HEALTH CARE SERVICES;~~

~~(3) SHALL COMPILE AND ABSTRACT INFORMATION THAT INCLUDES THE NUMBER OF CONFIRMED ACTS OF INSURANCE FRAUD AND THE TYPE OF ACTS OF INSURANCE FRAUD;~~

~~(4) IN EXERCISING ITS AUTHORITY UNDER THIS SUBTITLE, SHALL COOPERATE WITH THE MARYLAND INSURANCE ADMINISTRATION, OFFICE OF THE ATTORNEY GENERAL, LOCAL STATE'S ATTORNEY IN THE JURISDICTION IN WHICH THE ALLEGED ACTS OF INSURANCE FRAUD TOOK PLACE, AND APPROPRIATE FEDERAL AND LOCAL LAW ENFORCEMENT AUTHORITIES;~~

~~(5) SHALL OPERATE OR PROVIDE FOR A TOLL-FREE INSURANCE FRAUD HOT LINE TO RECEIVE AND RECORD INFORMATION ABOUT ALLEGED ACTS OF INSURANCE FRAUD; AND~~

~~(6) IN COOPERATION WITH THE OFFICE OF THE ATTORNEY GENERAL AND MARYLAND INSURANCE ADMINISTRATION, SHALL CONDUCT PUBLIC OUTREACH AND AWARENESS PROGRAMS ON THE COSTS OF INSURANCE FRAUD TO THE PUBLIC.~~

~~91.~~

~~(A) THE ACTIVITIES OF THE FRAUD DIVISION SHALL BE FUNDED BY THE INSURANCE FRAUD DIVISION FUND ESTABLISHED UNDER § 6-204 OF THE INSURANCE ARTICLE.~~

~~(B) (1) ALL COSTS AND EXPENSES OF THE FRAUD DIVISION SHALL BE INCLUDED IN THE STATE BUDGET.~~

1

Article - Insurance

2 2-110.

3 (a) [As early in each fiscal year as is reasonably possible] NO LATER THAN
4 DECEMBER 31 OF EACH YEAR, the Commissioner shall prepare an annual report
5 about the previous fiscal year that includes:

6 (1) a list of the authorized insurers transacting insurance business in the
7 State, with any summary of their financial statements that the Commissioner
8 considers appropriate;

9 (2) the name of each insurer whose business was closed during the year,
10 the cause of the closure, and the amount of assets and liabilities of the insurer that is
11 ascertainable;

12 (3) the name of each insurer against whom delinquency or similar
13 proceedings were initiated, a concise statement of facts about each delinquency or
14 similar proceeding, and the status of each proceeding;

15 (4) a list of the rulings and decisions made in cases before the
16 Administration during the year;

17 (5) a statement of all fees, taxes, and administrative fines and penalties
18 received by the Commissioner and deposited into the General Fund of the State;

19 (6) the ratio of complaints filed during the calendar year against each
20 insurer for each major line of insurance written by the insurer and a summary of the
21 resolution of the complaints;

22 (7) recommendations of the Commissioner about changes in the laws
23 affecting insurance and about matters affecting the Administration; ~~and~~

24 (8) INFORMATION ABOUT THE OPERATION OF THE FRAUD DIVISION,
25 INCLUDING:

26 (I) THE NUMBER OF COMPLAINTS RECEIVED THAT RELATE TO
27 INSURANCE FRAUD, THE NATURE OF THE COMPLAINTS, AND THE RESOLUTION OF
28 THE COMPLAINTS;

29 (II) THE NUMBER OF COMPLAINTS AND CASES REFERRED TO A
30 STATE'S ATTORNEY AND THE RESOLUTION OF THE COMPLAINTS OR CASES;

31 (III) THE NUMBER OF COMPLAINTS AND CASES REFERRED TO THE
32 OFFICE OF THE ATTORNEY GENERAL AND THE RESOLUTION OF THE COMPLAINTS OR
33 CASES;

34 (IV) THE NUMBER OF CALLS MADE TO THE INSURANCE FRAUD HOT
35 LINE;

1 (V) THE NUMBER OF COMPLAINTS RECEIVED FROM PERSONS
2 REGULATED BY THE COMMISSIONER;

3 (VI) THE TOTAL NUMBER OF CASES, BY TYPE OF INSURANCE
4 FRAUD; AND

5 (VII) THE NUMBER AND PERCENTAGE OF CASES THAT RESULT IN
6 THE IMPOSITION OF CIVIL OR CRIMINAL PENALTIES;

7 (9) A LIST OF ALL STAFF POSITIONS, CLASSIFICATIONS, AND SALARIES
8 IN THE ADMINISTRATION AS OF THE END OF THE PRECEDING CALENDAR YEAR; AND

9 ~~(8)~~ (10) any other relevant information that the Commissioner
10 considers proper.

11 (b) (1) At least once every 5 years after December 1, 1995, the
12 Commissioner shall prepare a report recommending any changes that the
13 Commissioner considers appropriate under §§ 4-104 and 4-105 of this article.

14 (2) When required, the report described in paragraph (1) of this
15 subsection may be prepared with the annual report required by subsection (a) of this
16 section.

17 (c) Reports required under subsection (a) or (b) of this section shall be
18 submitted to the Governor and, subject to § 2-1246 of the State Government Article,
19 the General Assembly.

20 2-112.

21 (a) Fees for the following certificates, licenses, and services shall be collected
22 in advance by the Commissioner, and shall be paid by the appropriate persons to the
23 Commissioner:

24 ~~{(11) fees for form and rate filings under Title 11, Subtitles 2 and 4 and §§~~
25 ~~12-203, 13-110, and 14-126 of this article.....\$125}~~

26 (1) fees for certificates of authority:

27 (i) application fee for initial certificate of authority, including filing
28 the application, articles of incorporation and other charter documents, except as
29 provided in item (2) of this subsection, bylaws, financial statement, examination
30 report, power of attorney to the Commissioner, and all other documents and filings in
31 connection with the application..... \$1,000

32 (ii) fee for initial certificate of authority..... \$200

33 (iii) fee for annual renewal of certificate of authority for all foreign
34 insurers and for domestic insurers with their home or executive office in the
35 State..... \$500

1 (iv) fee for annual renewal of certificate of authority for domestic
2 insurers with their home or executive office outside the State, except those domestic
3 insurers that had their home or executive office outside the State before January 1,
4 1929:

5 1. with premiums written in the most recent calendar year
6 not exceeding \$500,000..... \$2,500

7 2. with premiums written in the most recent calendar year
8 not exceeding \$1,000,000..... \$5,000

9 3. with premiums written in the most recent calendar year
10 not exceeding \$2,000,000..... \$7,000

11 4. with premiums written in the most recent calendar year
12 not exceeding \$5,000,000..... \$9,000

13 5. with premiums written in the most recent calendar year of
14 more than \$5,000,000..... \$11,000

15 (v) reinstatement of certificate of authority..... \$500

16 (2) fees for articles of incorporation of a domestic insurer or foreign
17 insurer, exclusive of fees required to be paid to the Department of Assessments and
18 Taxation:

19 (i) fee for filing the articles of incorporation with the Commissioner
20 for approval..... \$25

21 (ii) fee for amendment of the articles of incorporation..... \$10

22 (3) fees for filing bylaws or amendments to bylaws with the
23 Commissioner..... \$10

24 (4) fees for certificates of qualification:

25 (i) application fee..... \$25

26 (ii) managing general agent certificate of qualification:

27 1. fee for initial certificate..... \$30

28 2. annual renewal fee..... \$30

29 (iii) surplus lines broker certificate of qualification:

30 1. fee for initial certificate within 1 year of renewal. \$100

31 2. fee for initial certificate over 1 year from renewal \$100

32 3. biennial renewal fee..... \$200

1 [(5)] fees for appointments:

2 (i) fee for filing notice of each initial appointment \$15

3 (ii) fee for filing notice of each termination \$51

4 [(6)] (5) fee for temporary insurance producer licenses and
5 appointments..... \$27

6 [(7)] (6) fee for approval by the Commissioner of continuing education
7 courses..... \$50

8 [(8)] (7) fees for licenses:

9 (i) public adjuster license:

10 1. fee for initial license within 1 year of renewal \$25

11 2. fee for initial license over 1 year from renewal \$50

12 3. biennial renewal fee..... \$50

13 (ii) adviser license:

14 1. fee for initial license within 1 year of renewal \$100

15 2. fee for initial license over 1 year from renewal \$200

16 3. biennial renewal fee..... \$200

17 (iii) insurance producer license:

18 1. fee for initial license \$54

19 2. biennial renewal fee \$54

20 (iv) application fee \$25

21 [(9)] (8) fee for each insurance vending machine license, for each
22 machine, every second year \$50

23 [(10)] (9) fees for filing the annual statement by an unauthorized
24 insurer applying for approval to become an accepted insurer or applying for approval
25 to become an accepted reinsurer or surplus lines carrier or both \$1,000

26 [(11)] (10) fees for form and rate filings under Title 11, Subtitles 2 and 4
27 and §§ 12-203, 13-110, and 14-126 of this article \$125

28 [(12)] (11) service of legal process fee under §§ 3-318(b), 3-319(d), and
29 4-107 of this article \$15

1 2-114.

2 (a) The following moneys shall be considered general funds of the State:

3 (1) [all] EXCEPT AS PROVIDED UNDER § 6-107 OF THIS ARTICLE, revenue
4 received under Title 6, Subtitle 1 of this article;

5 (2) all revenue received under §§ 3-324, 4-209, 6-303, and 6-304 of this
6 article; and

7 (3) all penalties imposed by the Commissioner, including the following
8 penalties imposed under:

9 (i) §§ 4-113(d), 4-212, 10-126(c), 11-232, 14-140, 23-208, 23-506,
10 26-502, 27-305, and 27-408 of this article; and

11 (ii) § 19-730 of the Health - General Article.

12 (b) The following moneys may not be considered general funds of the State
13 and shall be deposited into the Insurance Regulation Fund established under Subtitle
14 5 of this title:

15 (1) all revenue received through the imposition and collection of the
16 assessment fee under Subtitle 5 of this title;

17 (2) all revenue received through the imposition and collection of the fees
18 set forth in § 2-112 of this title;

19 (3) ~~all~~ revenue received through the imposition and collection of the
20 fraud prevention fee under Title 6, Subtitle 2 of this article;

21 (4) all revenue received through the collection of examination expenses
22 under § 2-208 of this title;

23 (5) ~~except as provided under subsection (a) of this section, all other fees~~
24 ~~received through the imposition and collection of fees set forth in this article; and~~

25 ~~{(6)}~~ ~~(4)~~ income from investments that the State Treasurer makes for
26 the Insurance Regulation Fund.

27 ~~{2-208.~~

28 ~~The expense incurred in an examination made under § 2-205 of this subtitle, §~~
29 ~~2-206 of this subtitle for surplus lines brokers and insurance holding corporations, §~~
30 ~~23-207 of this article for premium finance companies, or § 15-10B-19 of this article~~
31 ~~for private review agents shall be paid by the person examined in the following~~
32 ~~manner:~~

33 ~~(1) the person examined shall pay to the Commissioner the travel~~
34 ~~expenses, a living expense allowance, and a per diem as compensation for examiners,~~
35 ~~actuaries, and typists:~~

- 1 (i) to the extent incurred for the examination; and
- 2 (ii) at reasonable rates set by the Commissioner;
- 3 (2) the Commissioner may present a detailed account of expenses
4 incurred to the person examined periodically during the examination or at the end of
5 the examination, as the Commissioner considers proper; and
- 6 (3) a person may not pay and an examiner may not accept any
7 compensation for an examination in addition to the compensation under paragraph
8 (1) of this section.]

9 2-501.

10 (b) "Assessment" means an assessment that, SUBJECT TO § 2-505(C)(3) OF THIS
11 SUBTITLE;

12 (1) equals ~~60% OF~~ the approved Administration's APPROVED annual
13 budget appropriation ~~less the fees collected~~ under this article; and

14 (2) does not exceed 40% of the Administration's approved budget
15 appropriation].

16 (e) "Health insurer assessment portion" means [45%] 42.5% of the
17 assessment.

18 (h) "Life insurer assessment portion" means 27.5% of the assessment.

19 (l) "Property and casualty insurer assessment portion" means [27.5%] 30% of
20 the assessment.

21 2-503.

22 (a) [Beginning on April 1, 1999, the] ~~EXCEPT AS PROVIDED UNDER~~
23 ~~SUBSECTION (F) OF THIS SECTION~~, THE Commissioner shall collect the annual
24 assessment fee ~~ON A QUARTERLY BASIS~~ from each insurer as calculated in § 2-502 of
25 this subtitle.

26 (b) The ~~QUARTERLY~~ assessment fee collected under this section is:

27 (1) in addition to any penalties or premium tax imposed under this
28 article; and

29 (2) due and payable to the Commissioner on or before ~~July 1 of~~ A DATE
30 DETERMINED BY THE COMMISSIONER each year ~~AND QUARTERLY THEREAFTER.~~

31 (c) (1) Failure by an insurer to pay the assessment fee on or before [July 1
32 of each year] ~~A THE~~ DUE DATE shall subject the insurer to the provisions of §§ 4-113
33 and 4-114 of this article.

1 (2) In addition to paragraph (1) of this subsection, an assessment fee not
 2 paid on or before [July 1] ~~▲ THE DUE DATE~~ may be subject to a penalty of 5% and
 3 interest at the rate determined under § 13-701(b)(1) of the Tax - General Article from
 4 ~~July 1~~ THE DUE DATE until payment is made to the Commissioner.

5 (3) If an additional amount is found to be due after the assessment fee
 6 has been paid to the Commissioner, the additional amount is subject to interest at 6%
 7 from [July 1] THE DUE DATE until payment is made to the Commissioner.

8 (d) The total amount of the assessment fee collected by the Commissioner
 9 shall be deposited in the Fund.

10 (e) This section does not affect any requirement otherwise established by law
 11 for the payment of premium taxes by an insurer.

12 ~~(F) AN INSURER MAY ELECT TO PAY ITS ENTIRE ANNUAL ASSESSMENT ON OR~~
 13 ~~BEFORE JULY 1.~~

14 2-505.

15 ~~(a) There is an Insurance Regulation Fund that consists of:~~

16 ~~(1) all revenue received through the imposition and collection of the~~
 17 ~~assessment fee under this subtitle;~~

18 ~~(2) all revenue received through the imposition and collection of the fees~~
 19 ~~set forth in § 2-112 of this title;~~

20 ~~(3) [all revenue received through the imposition and collection of the~~
 21 ~~fraud prevention fee under Title 6, Subtitle 2 of this article;~~

22 ~~(4) all revenue received through the collection of examination expenses~~
 23 ~~under § 2-208 of this title;~~

24 ~~(5)] except as provided in § 2-114(a) of this title, all other fees received~~
 25 ~~through the imposition and collection of fees set forth in this article; and~~

26 ~~[(6)] (4) income from investments that the State Treasurer makes for~~
 27 ~~the Fund.~~

28 ~~(b) The purpose of the Fund is to pay all the costs and expenses incurred by~~
 29 ~~the Administration that are related to its responsibilities to regulate the insurance~~
 30 ~~activities of all insurers that engage in the insurance business in this State.~~

31 (c) (1) All the costs and expenses of the Administration shall be included in
 32 the State budget.

33 (2) Any expenditures from the Fund to cover costs and expenses of the
 34 Administration may only be made:

1 (i) with an appropriation from the Fund approved by the General
2 Assembly in the annual State budget; or

3 (ii) by the budget amendment procedure provided for in § 7-209 of
4 the State Finance and Procurement Article.

5 ~~(3) (i) If, in any given fiscal year, the amount of [the assessment fee]
6 revenue collected by the Commissioner [under this subtitle] and deposited into the
7 Fund exceeds 110 PERCENT OF the actual appropriations for the Administration, the
8 excess amount shall be carried forward within the Fund for the purpose of reducing
9 the assessment fee imposed by the Administration for the following fiscal year.~~

10 (3) (I) 1. SUBJECT TO SUB-SUBPARAGRAPH 2 OF THIS
11 SUBPARAGRAPH, IF, IN ANY FISCAL YEAR, THE AMOUNT OF REVENUE COLLECTED BY
12 THE COMMISSIONER AND DEPOSITED INTO THE FUND EXCEEDS 105% OF THE
13 ACTUAL APPROPRIATIONS FOR THE ADMINISTRATION, THE EXCESS AMOUNT SHALL
14 BE CARRIED FORWARD WITHIN THE FUND.

15 2. THE ASSESSMENT FEE IMPOSED UNDER THIS SUBTITLE
16 SHALL BE ADJUSTED TO MAINTAIN THE FUND AT A LEVEL THAT DOES NOT EXCEED
17 105% OF THE ADMINISTRATION'S APPROVED ANNUAL BUDGET.

18 (ii) If, in any given fiscal year, the amount of [the assessment fee]
19 revenue collected by the Commissioner [under this subtitle] and deposited into the
20 Fund is insufficient to cover the expenditures of the Administration because of an
21 unforeseen emergency and expenditures are made in accordance with the budget
22 amendment procedure provided for in § 7-209 of the State Finance and Procurement
23 Article, an additional assessment for the expenditures may be made.

24 ~~(4) (1) The State Treasurer is the custodian of the Fund.~~

25 ~~(2) The State Treasurer shall deposit payments received from the~~
26 ~~Commissioner into the Fund.~~

27 ~~(e) (1) The Fund is a continuing, nonlapsing fund and is not subject to §~~
28 ~~7-302 of the State Finance and Procurement Article, and may not be deemed a part of~~
29 ~~the General Fund of the State.~~

30 ~~(2) No part of the Fund may revert or be credited to:~~

31 ~~(i) the General Fund of the State; or~~

32 ~~(ii) a special fund of the State, unless otherwise provided by law.~~

33 6-107.

34 (D) FROM THE INSURANCE PREMIUM TAX REVENUE, THE ADMINISTRATION
35 SHALL DISTRIBUTE EACH QUARTER THE AMOUNT NECESSARY TO ADMINISTER THE
36 INSURANCE PREMIUM TAX LAWS IN THE PREVIOUS QUARTER TO AN
37 ADMINISTRATIVE ACCOUNT.

1 ~~6-202.~~

2 (a) The Commissioner shall collect the fraud prevention fee.

3 (b) The total amount of the fraud prevention fee collected by the
4 Commissioner shall be deposited in the ~~[Insurance Regulation Fund as provided in §~~
5 ~~2-505 of this article]~~ INSURANCE FRAUD DIVISION FUND FOR THE SOLE PURPOSE OF
6 FUNDING THE ACTIVITIES OF THE INSURANCE FRAUD DIVISION IN THE
7 DEPARTMENT OF STATE POLICE ESTABLISHED UNDER ARTICLE 88B, § 87 OF THE
8 CODE.

9 ~~6-203.~~

10 (a) (1) THE COMMISSIONER SHALL ESTABLISH, BY REGULATION, TIERED
11 FRAUD PREVENTION FEES IN AN AMOUNT SUFFICIENT TO FUND THE ACTIVITIES OF
12 THE INSURANCE FRAUD DIVISION IN THE DEPARTMENT OF STATE POLICE
13 ESTABLISHED UNDER ARTICLE 88B, § 87 OF THE CODE.

14 (2) THE COMMISSIONER SHALL ANNUALLY TRANSFER THE AMOUNT OF
15 INSURANCE FRAUD PREVENTION FEES COLLECTED TO THE DEPARTMENT OF STATE
16 POLICE TO BE USED FOR THE SOLE PURPOSE OF FUNDING THE ACTIVITIES OF THE
17 INSURANCE FRAUD DIVISION.

18 (B) For each insurer, health maintenance organization, nonprofit health
19 service plan, fraternal benefit society, or any entity operating in the State under the
20 regulatory jurisdiction of the Commissioner other than a premium finance company, a
21 fraternal benefit society that collected less than \$75,000 in premiums in the
22 preceding calendar year, or a motor club, the fraud prevention fee shall be:

23 (1) ~~[\$1,000;~~

24 (2)] due on or before June 30 of each year; and

25 [(3)] (2) if applicable, payable with the certificate of authority or license
26 renewal fee.

27 [(b)] (C) For each insurance producer, public adjuster, insurance adviser, or
28 third party administrator qualified, licensed, or registered by the Commissioner, the
29 fraud prevention fee shall be:

30 (1) ~~[\$15;~~

31 (2)] due on or before June 30 of every other year; and

32 [(3)] (2) if applicable, payable with the certificate of qualification,
33 license, or registration renewal fee.

34 [(c)] (D) Any person that has more than one of the certificates of qualification,
35 licenses, or registrations listed in subsection [(b)] (C) of this section shall pay the
36 ~~[\$15]~~ fraud prevention fee only once per renewal period.

1 ~~6-204.~~

2 (A) ~~THERE IS AN INSURANCE FRAUD DIVISION FUND.~~

3 (B) ~~THE PURPOSE OF THE FUND IS TO PAY ALL COSTS AND EXPENSES~~
4 ~~INCURRED BY THE DEPARTMENT OF STATE POLICE RELATED TO THE OPERATION OF~~
5 ~~THE FRAUD DIVISION.~~

6 (C) ~~THE FUND SHALL CONSIST OF:~~

7 (1) ~~THE FEES COLLECTED AND DEPOSITED IN THE FUND BY THE~~
8 ~~COMMISSIONER UNDER § 6-202 OF THIS ARTICLE; AND~~

9 (2) ~~INCOME FROM INVESTMENTS THE STATE TREASURER MAKES FOR~~
10 ~~THE FUND.~~

11 (D) (1) ~~ALL COSTS AND EXPENSES OF THE FRAUD DIVISION SHALL BE~~
12 ~~INCLUDED IN THE STATE BUDGET.~~

13 (2) ~~EXPENDITURES FROM THE FUND TO COVER COSTS AND EXPENSES~~
14 ~~OF THE FRAUD DIVISION MAY ONLY BE MADE:~~

15 (1) ~~IN ACCORDANCE WITH AN APPROPRIATION APPROVED BY THE~~
16 ~~GENERAL ASSEMBLY IN THE ANNUAL STATE BUDGET; OR~~

17 (2) ~~BY THE BUDGET AMENDMENT PROCEDURE PROVIDED FOR IN §~~
18 ~~7-109 OF THE STATE FINANCE AND PROCUREMENT ARTICLE.~~

19 (E) (1) ~~THE STATE TREASURER IS THE CUSTODIAN OF THE FUND.~~

20 (2) ~~THE FUND SHALL BE INVESTED AND REINVESTED IN THE SAME~~
21 ~~MANNER AS STATE FUNDS.~~

22 (3) ~~THE STATE TREASURER SHALL DEPOSIT PAYMENTS RECEIVED FROM~~
23 ~~THE COMMISSIONER INTO THE FUND.~~

24 (F) (1) ~~THE FUND IS A CONTINUING, NONLAPSING FUND AND IS NOT~~
25 ~~SUBJECT TO § 7-302 OF THE STATE FINANCE AND PROCUREMENT ARTICLE, AND MAY~~
26 ~~NOT BE DEEMED A PART OF THE GENERAL FUND.~~

27 (2) ~~NO PART OF THE FUND MAY REVERT OR BE CREDITED TO:~~

28 (1) ~~THE GENERAL FUND OF THE STATE; OR~~

29 (2) ~~A SPECIAL FUND OF THE STATE.~~

30 ~~20-502.~~

31 (e) (1) ~~If a prospective insured fails to qualify under this section, any policy~~
32 ~~issued is void and a commission may not be paid by the Fund to a fund producer.~~

1 § 2-1246 of the State Government Article, on the implementation of the
2 recommendations of the Department of Legislative Services contained in the sunset
3 evaluation report dated October 2001. This report shall include:

4 (1) a summary of efforts by the Administration to enhance communication
5 with licensees, to address staff vacancies in the Insurance Fraud Division, to attract
6 and retain skilled staff, and to address issues related to its physical plant;

7 (2) recommendations for consolidating statutorily required reports into the
8 annual report; and

9 (3) identification of statutory reporting requirements that are outdated or
10 unnecessary.

11 SECTION ~~6.~~ 4. AND BE IT FURTHER ENACTED, That this Act shall take
12 effect July 1, 2002.