
By: **Chairman, Economic Matters Committee (By Request - Departmental - Insurance Administration, Maryland)**

Introduced and read first time: February 2, 2004

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Fraud Reporting and Prevention - Expansion**

3 FOR the purpose of requiring health maintenance organizations to comply with the
4 insurance fraud reporting and prevention laws; including the Uninsured
5 Employers' Fund and specified self-insurers in the fraudulent insurance laws;
6 requiring premium finance companies to report suspected insurance fraud to
7 the Fraud Division of the Maryland Insurance Administration; and generally
8 relating to insurance fraud.

9 BY repealing and reenacting, with amendments,
10 Article - Health - General
11 Section 19-706(v)
12 Annotated Code of Maryland
13 (2000 Replacement Volume and 2003 Supplement)

14 BY repealing and reenacting, with amendments,
15 Article - Insurance
16 Section 27-402 and 27-802
17 Annotated Code of Maryland
18 (2002 Replacement Volume and 2003 Supplement)

19 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
20 MARYLAND, That the Laws of Maryland read as follows:

21 **Article - Health - General**

22 19-706.

23 (v) The provisions of Title 6, Subtitle 2 AND TITLE 27, SUBTITLE 8 of the
24 Insurance Article shall apply to health maintenance organizations.

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Article - Insurance

2 27-402.

3 The provisions of this subtitle that apply to insurers also apply to:

4 (1) a corporation that operates a nonprofit health service plan under
5 Title 14, Subtitle 2 of this article;

6 (2) a dental plan organization as defined in § 14-401 of this article;

7 (3) a health maintenance organization as defined in Title 19, Subtitle 7
8 of the Health - General Article;

9 (4) a surplus lines insurer;

10 (5) the Maryland Automobile Insurance Fund;

11 (6) the Injured Workers' Insurance Fund;

12 (7) the State when a claim has been filed against the State under Title
13 12 of the State Government Article;14 (8) the State when a claim has been filed against the State under Title 8,
15 Subtitle 1 of the State Personnel and Pensions Article;16 (9) the [State] STATE, INCLUDING THE UNINSURED EMPLOYERS' FUND,
17 when a claim has been filed against the State under Title 9 of the Labor and
18 Employment Article;19 (10) the Maryland Transit Administration when acting as a self-insurer
20 under § 7-703 of the Transportation Article;21 (11) a third party administrator under Title 8, Subtitle 3 of this article;
22 [and]23 (12) A SELF-INSURER UNDER § 17-103(A)(2) OF THE TRANSPORTATION
24 ARTICLE; AND25 [(12)] (13) an agent, employee, or representative of an entity described in
26 items (1) through [(11)] 12 of this section.

27 27-802.

28 (a) (1) An authorized insurer, its employees, fund producers, or insurance
29 producers, who in good faith have cause to believe that insurance fraud has been or is
30 being committed shall report the suspected insurance fraud in writing to the
31 Commissioner, the Fraud Division, or the appropriate federal, State, or local law
32 enforcement authorities.

1 (2) An independent insurance producer shall meet the reporting
2 requirement of this subsection by reporting the suspected insurance fraud in writing
3 to the Fraud Division.

4 (3) A REGISTERED PREMIUM FINANCE COMPANY SHALL MEET THE
5 REQUIREMENT OF THIS SUBSECTION BY REPORTING SUSPECTED INSURANCE FRAUD
6 IN WRITING TO THE FRAUD DIVISION.

7 (b) In addition to any protection provided under § 10-618 of the State
8 Government Article, any information, documentation, or other evidence provided
9 under this section by an insurer, its employees, fund producers, [or] insurance
10 [producers] PRODUCERS, OR A REGISTERED PREMIUM FINANCE COMPANY to the
11 Commissioner, the Fraud Division, or a federal, State, or local law enforcement
12 authority in connection with an investigation of suspected insurance fraud is not
13 subject to public inspection for as long as the Commissioner, Fraud Division, or law
14 enforcement authority considers the withholding to be necessary to complete an
15 investigation of the suspected fraud or to protect the person investigated from
16 unwarranted injury.

17 (c) A person is not subject to civil liability for a cause of action by virtue of
18 reporting suspected insurance fraud if:

19 (1) the report was made to the Commissioner, Fraud Division, or an
20 appropriate federal, State, or local law enforcement authority; and

21 (2) the person that reported the suspected insurance fraud acted in good
22 faith when making the report.

23 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
24 October 1, 2004.