

Department of Legislative Services
Maryland General Assembly
2004 Session

FISCAL AND POLICY NOTE

House Bill 1224
Economic Matters

(Delegate Murray)

Insurance Producers - License Applicants - Denial Based on Fraud Conviction

This bill requires the Maryland Insurance Commissioner to deny an insurance producer license to an applicant who: (1) was an employee of a business entity or insurance producer licensed under Maryland's laws regulating insurance professionals; and (2) was convicted of insurance fraud by a court in Maryland.

Fiscal Summary

State Effect: None. The bill will not materially affect the finances or operations of the Maryland Insurance Administration.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law: The Commissioner may deny a license to an applicant or suspend, revoke, or refuse to renew or reinstate a license after notice and opportunity for a hearing if the applicant or licensee has been convicted by final judgment of a felony or crime involving moral turpitude. The Commissioner may also discipline applicants or licensees for other acts without a conviction, including willful violations of Maryland's insurance laws and various acts of misrepresentation or concealment.

If the applicant or licensee is a business entity, the Commissioner may deny a license to the applicant or suspend, revoke, or refuse to renew or reinstate the license after notice

and opportunity for a hearing if any of the specified individuals associated with the applicant or licensee: (1) violates the insurance producer licensing laws; (2) has been convicted of a felony, a crime of moral turpitude, or any criminal offense involving dishonesty or breach of trust; or (3) has had any professional license suspended or revoked for a fraudulent or dishonest practice.

Background: Insurance fraud is broadly defined. It includes violations of various provisions such as those prohibiting fraudulent insurance acts, theft by or from a person regulated under Maryland's insurance laws, and other fraudulent activity committed by or against a person regulated under Maryland's insurance laws if the activity also violates other specified provisions.

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - February 20, 2004
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