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By: **Delegates Bartlett, Burns, Conroy, D. Davis, Feldman, Haddaway,  
Impallaria, Krebs, Miller, Minnick, Moe, Taylor, and Trueschler**

Introduced and read first time: January 27, 2005

Assigned to: Economic Matters

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Committee Report: Favorable with amendments

House action: Adopted

Read second time: March 8, 2005

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CHAPTER \_\_\_\_\_

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 registered premium finance companies to report suspected insurance  
7 fraud to the Fraud Division of the Maryland Insurance Administration;  
8 providing that certain information, documentation, or other evidence provided  
9 by an independent insurance producer or a registered premium finance  
10 company to certain persons is not subject to public inspection under certain  
11 circumstances; and generally relating to insurance fraud.

12 BY repealing and reenacting, with amendments,  
13 Article - Health - General  
14 Section 19-706(v)  
15 Annotated Code of Maryland  
16 (2000 Replacement Volume and 2004 Supplement)

17 BY repealing and reenacting, with amendments,  
18 Article - Insurance  
19 Section 27-402 and 27-802  
20 Annotated Code of Maryland  
21 (2002 Replacement Volume and 2004 Supplement)

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

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**Article - Health - General**

2 19-706.

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

5

**Article - Insurance**

6 27-402.

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

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

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

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

13 (4) a surplus lines insurer;

14 (5) the Maryland Automobile Insurance Fund;

15 (6) the Injured Workers' Insurance Fund;

16 (7) the State when a claim has been filed against the State under Title  
17 12 of the State Government Article;

18 (8) the State when a claim has been filed against the State under Title 8,  
19 Subtitle 1 of the State Personnel and Pensions Article;

20 (9) the State, INCLUDING THE UNINSURED EMPLOYERS' FUND, when a  
21 claim has been filed against the State under Title 9 of the Labor and Employment  
22 Article;

23 (10) the Maryland Transit Administration when acting as a self-insurer  
24 under § 7-703 of the Transportation Article;

25 (11) a third party administrator under Title 8, Subtitle 3 of this article;  
26 [and]

27 (12) A SELF-INSURER UNDER § 17-103(A)(2) OF THE TRANSPORTATION  
28 ARTICLE; AND

29 [(12)] (13) an agent, employee, or representative of an entity described in  
30 items (1) through [(11)](12) of this section.

1 27-802.

2 (a) (1) An authorized insurer, its employees, fund producers, or insurance  
3 producers, a viatical settlement provider, or a viatical settlement broker who in good  
4 faith has cause to believe that insurance fraud has been or is being committed shall  
5 report the suspected insurance fraud in writing to the Commissioner, the Fraud  
6 Division, or the appropriate federal, State, or local law enforcement authorities.

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

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

13 (b) In addition to any protection provided under § 10-618 of the State  
14 Government Article, any information, documentation, or other evidence provided  
15 under this section by an insurer, its employees, fund producers, ~~for~~ insurance  
16 producers, a viatical settlement provider, [or] a viatical settlement broker, AN  
17 INDEPENDENT INSURANCE PRODUCER, OR A REGISTERED PREMIUM FINANCE  
18 COMPANY to the Commissioner, the Fraud Division, or a federal, State, or local law  
19 enforcement authority in connection with an investigation of suspected insurance  
20 fraud is not subject to public inspection for as long as the Commissioner, Fraud  
21 Division, or law enforcement authority considers the withholding to be necessary to  
22 complete an investigation of the suspected fraud or to protect the person investigated  
23 from unwarranted injury.

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

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

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

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
31 October 1, 2005.