
By: **Senator Gladden**

Introduced and read first time: February 24, 2005

Assigned to: Rules

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance Pilot Programs**

3 FOR the purpose of authorizing an insurer to conduct a certain pilot program in the
4 State with the prior approval of the Insurance Commissioner; requiring the
5 insurer to file certain information about the pilot program and certain rates and
6 forms with the Commissioner; requiring the Commissioner to approve the rates
7 and forms before the insurer may conduct a pilot program; authorizing the
8 Commissioner to approve a pilot program only for a certain period of time;
9 providing that an approved pilot program is exempt from the requirements of
10 the Insurance Article with a certain exception; requiring the insurer to provide
11 potential participants with certain information about the pilot program;
12 requiring the insurer to extend, end, or convert a pilot program before the end of
13 the approved period of time; establishing procedures for the extension of a pilot
14 program, the end of a pilot program and the withdrawal of rates and forms, and
15 the conversion of a pilot program to a formal line of insurance; and generally
16 relating to pilot programs for lines of insurance.

17 BY adding to
18 Article - Insurance
19 Section 4-501 to be under the new subtitle "Subtitle 5. Insurance Pilot
20 Programs"
21 Annotated Code of Maryland
22 (2003 Replacement Volume and 2004 Supplement)

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

1 **Article - Insurance**

2 SUBTITLE 5. INSURANCE PILOT PROGRAMS.

3 4-501.

4 (A) AN INSURER MAY NOT CONDUCT A PILOT PROGRAM IN THE STATE UNLESS
5 THE INSURER OBTAINS THE PRIOR APPROVAL OF THE COMMISSIONER FOR THE
6 PILOT PROGRAM IN ACCORDANCE WITH THIS SECTION.

7 (B) AN INSURER THAT SEEKS APPROVAL OF A PILOT PROGRAM SHALL FILE
8 WITH THE COMMISSIONER:

9 (1) INFORMATION ABOUT THE PILOT PROGRAM THAT INCLUDES:

10 (I) THE PURPOSE OF THE PILOT PROGRAM;

11 (II) THE LINE OF INSURANCE THAT THE INSURER SEEKS TO TEST
12 THROUGH THE PILOT PROGRAM;

13 (III) WHAT THE BENEFIT IS TO THE INSURANCE MARKET IN THE
14 STATE FROM THE PILOT PROGRAM; AND

15 (IV) THE PERIOD OF TIME DURING WHICH THE PILOT PROGRAM
16 WILL BE CONDUCTED IN THE STATE; AND

17 (2) THE RATES AND FORMS THAT THE INSURER PROPOSES TO USE IN
18 THE PILOT PROGRAM.

19 (C) (1) BEFORE AN INSURER MAY CONDUCT A PILOT PROGRAM IN THE
20 STATE, THE COMMISSIONER SHALL APPROVE THE RATES AND FORMS THAT THE
21 INSURER PROPOSES TO USE IN THE PILOT PROGRAM.

22 (2) THE APPROVAL OF THE RATES AND FORMS MAY PLACE
23 RESTRICTIONS ON THE INSURED WHO MAY PARTICIPATE IN THE PILOT PROGRAM.

24 (3) AFTER APPROVAL BY THE COMMISSIONER, THE RATES AND FORMS
25 USED BY THE INSURER IN THE PILOT PROGRAM ARE SUBJECT TO CHANGE BY THE
26 COMMISSIONER.

27 (D) THE COMMISSIONER MAY APPROVE A PILOT PROGRAM ONLY FOR A
28 SPECIFIC PERIOD OF TIME.

29 (E) EXCEPT FOR THE REQUIREMENTS OF § 27-501 OF THIS ARTICLE, A PILOT
30 PROGRAM APPROVED BY THE COMMISSIONER IS EXEMPT FROM THE REQUIREMENTS
31 OF THIS ARTICLE.

32 (F) BEFORE AN INSURER CONDUCTS A PILOT PROGRAM IN THE STATE, THE
33 INSURER SHALL NOTIFY POTENTIAL PARTICIPANTS IN THE PILOT PROGRAM OF:

34 (1) THE PURPOSE OF THE PILOT PROGRAM; AND

1 (2) THE LIMITATIONS, IF ANY, ON THE RIGHTS AVAILABLE UNDER THIS
2 ARTICLE TO PARTICIPANTS IN THE PILOT PROGRAM.

3 (G) (1) BEFORE THE END OF THE APPROVED PERIOD OF TIME FOR THE
4 PILOT PROGRAM, THE INSURER SHALL FILE WITH THE COMMISSIONER TO:

5 (I) EXTEND THE PILOT PROGRAM IN ACCORDANCE WITH
6 PARAGRAPH (2) OF THIS SUBSECTION;

7 (II) END THE PILOT PROGRAM IN ACCORDANCE WITH PARAGRAPH
8 (3) OF THIS SUBSECTION; OR

9 (III) CONVERT THE PILOT PROGRAM TO A FORMAL LINE OF
10 INSURANCE IN ACCORDANCE WITH PARAGRAPH (4) OF THIS SUBSECTION.

11 (2) (I) AN INSURER THAT SEEKS TO EXTEND A PILOT PROGRAM SHALL
12 FILE WITH THE COMMISSIONER INFORMATION ABOUT THE EXTENSION THAT:

13 1. STATES THE REASONS FOR THE REQUESTED EXTENSION;
14 AND

15 2. ESTABLISHES A NEW PERIOD OF TIME DURING WHICH
16 THE PILOT PROGRAM WILL BE CONDUCTED.

17 (II) BEFORE THE INSURER MAY EXTEND A PILOT PROGRAM, THE
18 COMMISSIONER SHALL APPROVE THE EXTENSION OF THE PILOT PROGRAM.

19 (III) THE COMMISSIONER SHALL APPROVE THE EXTENSION OF THE
20 PILOT PROGRAM IF THE COMMISSIONER FINDS THAT:

21 1. THERE IS GOOD CAUSE SHOWN BY THE INSURER; AND

22 2. THERE IS A LEGITIMATE NEED FOR AN EXTENSION OF
23 THE PERIOD OF TIME DURING WHICH THE PILOT PROGRAM WILL BE CONDUCTED.

24 (3) (I) AN INSURER THAT SEEKS TO END A PILOT PROGRAM SHALL:

25 1. WITHDRAW ALL RATES AND FORMS FOR THE PILOT
26 PROGRAM;

27 2. GIVE PROPER NOTICE TO THE PARTICIPANTS OF THE END
28 OF THE PILOT PROGRAM; AND

29 3. REPORT TO THE COMMISSIONER ON THE RESULTS OF THE
30 PILOT PROGRAM AND WHY IT IS BEING WITHDRAWN.

31 (II) BEFORE THE INSURER MAY END THE PILOT PROGRAM, THE
32 COMMISSIONER SHALL APPROVE THE WITHDRAWAL OF THE PILOT PROGRAM.

33 (4) AN INSURER THAT SEEKS TO CONVERT A PILOT PROGRAM TO A
34 FORMAL LINE OF INSURANCE SHALL:

1 (I) FILE RATES AND FORMS WITH THE COMMISSIONER IN
2 ACCORDANCE WITH THIS ARTICLE;

3 (II) MAKE THE INSURANCE AVAILABLE TO ALL APPLICANTS IN THE
4 STATE WHO ARE ELIGIBLE FOR COVERAGE.

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