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

Introduced and read first time: January 19, 2006

Assigned to: Economic Matters

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance - Examination Reports**

3 FOR the purpose of requiring the Maryland Insurance Commissioner to provide a
4 copy of an adopted examination report to a certain person; requiring certain
5 persons to present an adopted examination report to a certain board of directors
6 at a certain time; altering the time at which the Commissioner must provide a
7 copy of a proposed examination report to a certain person; prohibiting the
8 Commissioner from adopting certain examination reports if a hearing has been
9 requested until after certain actions occur; altering the time at which certain
10 examination reports are admissible as evidence; making certain conforming
11 changes; and generally relating to examination reports.

12 BY repealing and reenacting, with amendments,
13 Article - Insurance
14 Section 2-209
15 Annotated Code of Maryland
16 (2003 Replacement Volume and 2005 Supplement)

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

19 **Article - Insurance**

20 2-209.

21 (a) The Commissioner or an examiner shall make a complete report of each
22 examination made under § 2-205 of this subtitle or § 23-207, § 15-10B-19, or §
23 15-10B-20 of this article.

24 (b) An examination report shall contain only facts:

25 (1) from the books, records, or documents of the person being examined;

26 or

27 (2) determined from statements of individuals about the person's affairs.

1 (c) (1) At least 30 days before [filing] ADOPTING a proposed examination
2 report [with the Commissioner], the Commissioner shall [give] PROVIDE a copy of
3 the proposed report to the person that was examined.

4 (2) If the person requests a hearing in writing within the 30-day period,
5 the Commissioner:

6 (i) shall grant a hearing on the proposed report; and

7 (ii) may not [file] ADOPT the proposed report until after:

8 1. the hearing is held; and

9 2. any modifications of the report that the Commissioner
10 considers proper are made.

11 (d) (1) After an examination report is [filed with] ADOPTED BY the
12 Commissioner, the examination report is admissible as evidence of the facts contained
13 in it in any action brought by the Commissioner against the person examined or an
14 officer or insurance producer of the person.

15 (2) Regardless of whether a written examination report has been made,
16 served, or [filed with] ADOPTED BY the Commissioner, the Commissioner or an
17 examiner may testify and offer other proper evidence about information obtained
18 during an examination.

19 (e) The Commissioner may withhold an examination or investigation report
20 from public inspection for as long as the Commissioner considers the withholding to
21 be:

22 (1) necessary to protect the person examined from unwarranted injury;
23 or

24 (2) in the public interest.

25 (f) If the Commissioner considers it to be in the public interest, the
26 Commissioner may publish an examination report or a summary of it in a newspaper
27 in the State.

28 (g) (1) Subject to paragraph (2) of this subsection, the Commissioner may
29 disclose a preliminary examination report, investigation report, or any other matter
30 related to an examination made under § 2-205 or § 2-206 of this subtitle or § 23-207,
31 § 15-10B-19, or § 15-10B-20 of this article only to the insurance regulatory agency of
32 another state or to a federal, State, local, or other law enforcement agency.

33 (2) A disclosure may be made under paragraph (1) of this subsection only
34 if:

35 (i) the disclosure is made for regulatory, law enforcement, or
36 prosecutorial purposes;

1 (ii) the agency receiving the disclosure agrees in writing to keep the
2 disclosure confidential and in a manner consistent with this section; and

3 (iii) the Commissioner is satisfied that the agency will preserve the
4 confidential nature of the information.

5 (3) Notwithstanding the provisions of this subsection, [final] ADOPTED
6 reports of examinations are considered public documents and may be disclosed to the
7 public.

8 (h) The Commissioner may not disclose any information obtained from
9 another state if the information is:

10 (1) related to an examination made by the other state on an insurer
11 domiciled in that state; and

12 (2) of a nature that would be considered confidential under paragraph
13 (1) of this subsection if the examination had been made by this State under § 2-205 or
14 § 2-206 of this subtitle or § 23-103, § 15-10B-19, or § 15-10B-20 of this article.

15 (I) (1) THE COMMISSIONER SHALL PROVIDE A COPY OF THE ADOPTED
16 EXAMINATION REPORT TO THE PERSON THAT WAS EXAMINED.

17 (2) THE PERSON EXAMINED SHALL PRESENT THE ADOPTED
18 EXAMINATION REPORT TO ITS BOARD OF DIRECTORS AT THE NEXT REGULARLY
19 SCHEDULED MEETING OF THE BOARD.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take
21 effect October 1, 2006.