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

Introduced and read first time: January 19, 2006

Assigned to: Economic Matters

Committee Report: Favorable

House action: Adopted

Read second time: February 14, 2006

CHAPTER _____

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:

1

Article - Insurance

2 2-209.

3 (a) The Commissioner or an examiner shall make a complete report of each
4 examination made under § 2-205 of this subtitle or § 23-207, § 15-10B-19, or §
5 15-10B-20 of this article.

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

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

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

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

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

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

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

17 1. the hearing is held; and

18 2. any modifications of the report that the Commissioner
19 considers proper are made.

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

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

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

31 (1) necessary to protect the person examined from unwarranted injury;
32 or

33 (2) in the public interest.

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

4 (g) (1) Subject to paragraph (2) of this subsection, the Commissioner may
5 disclose a preliminary examination report, investigation report, or any other matter
6 related to an examination made under § 2-205 or § 2-206 of this subtitle or § 23-207,
7 § 15-10B-19, or § 15-10B-20 of this article only to the insurance regulatory agency of
8 another state or to a federal, State, local, or other law enforcement agency.

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

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

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

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

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

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

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

24 (2) of a nature that would be considered confidential under paragraph
25 (1) of this subsection if the examination had been made by this State under § 2-205 or
26 § 2-206 of this subtitle or § 23-103, § 15-10B-19, or § 15-10B-20 of this article.

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

29 (2) THE PERSON EXAMINED SHALL PRESENT THE ADOPTED
30 EXAMINATION REPORT TO ITS BOARD OF DIRECTORS AT THE NEXT REGULARLY
31 SCHEDULED MEETING OF THE BOARD.

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

