

# HOUSE BILL 688

C4

8lr2108

---

By: **Delegate Simmons**

Introduced and read first time: February 1, 2008

Assigned to: Economic Matters

---

## A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Medical Mutual Liability Insurance Society of Maryland –**  
3 **Surplus**

4 FOR the purpose of altering the circumstances under which the Maryland Insurance  
5 Commissioner may determine that the surplus of the Medical Mutual Liability  
6 Insurance Society of Maryland is excessive and the action the Commissioner  
7 may take after making the determination; authorizing the Commissioner to  
8 determine that the Society's surplus is excessive if the total surplus is greater  
9 than certain risk-based capital requirements and if, after a hearing, the  
10 Commissioner determines that the surplus is unreasonably large; prohibiting  
11 the Commissioner, under certain circumstances, from approving a rate increase  
12 sought by the Society until the Commissioner makes a certain determination;  
13 and generally relating to the Medical Mutual Liability Insurance Society of  
14 Maryland.

15 BY repealing and reenacting, with amendments,  
16 Article – Insurance  
17 Section 24–212  
18 Annotated Code of Maryland  
19 (2006 Replacement Volume and 2007 Supplement)

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

22 **Article – Insurance**

23 24–212.

24 (a) **[If] NOTWITHSTANDING ANY OTHER PROVISION OF THIS ARTICLE,**  
25 **THE COMMISSIONER MAY DETERMINE THAT** the [Society requests a rate increase  
26 of more than 7.5% and, at the time of the rate filing, the Society's surplus is more than

---

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 500% of its authorized control level risk-based capital, the Commissioner may  
2 determine whether the Society's] surplus **OF THE SOCIETY** is excessive **IF:**

3 **(1) THE TOTAL SURPLUS IS GREATER THAN THE APPROPRIATE**  
4 **RISK-BASED CAPITAL REQUIREMENTS, AS DETERMINED BY THE**  
5 **COMMISSIONER, FOR THE IMMEDIATELY PRECEDING CALENDAR YEAR; AND**

6 **(2) AFTER A HEARING, THE COMMISSIONER DETERMINES THAT**  
7 **THE SURPLUS IS UNREASONABLY LARGE.**

8 (b) If[, after a hearing,] the Commissioner determines that the surplus is  
9 excessive, the Commissioner may [order the rates filed to be reduced] **NOT APPROVE**  
10 **A RATE INCREASE SOUGHT BY THE SOCIETY UNTIL THE COMMISSIONER**  
11 **DETERMINES THAT THE SURPLUS OF THE SOCIETY NO LONGER IS EXCESSIVE.**

12 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect  
13 October 1, 2008.