

# HOUSE BILL 161

C4

9lr0041

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By: **Chair, Economic Matters Committee (By Request – Departmental – Insurance Administration, Maryland)**

Introduced and read first time: January 26, 2009

Assigned to: Economic Matters

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Committee Report: Favorable

House action: Adopted

Read second time: February 18, 2009

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## CHAPTER \_\_\_\_\_

1 AN ACT concerning

2 **Insurance – Company Action Level Events – Property and Casualty Insurers**

3 FOR the purpose of specifying when a certain company action level event occurs for  
4 property and casualty insurers; and generally relating to financial regulation of  
5 insurers.

6 BY repealing and reenacting, with amendments,  
7 Article – Insurance  
8 Section 4–305(a)  
9 Annotated Code of Maryland  
10 (2003 Replacement Volume and 2008 Supplement)

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

13 **Article – Insurance**

14 4–305.

15 (a) A company action level event occurs when:

16 (1) an insurer files an RBC report that indicates that:

17 (i) the insurer has total adjusted capital that is:

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EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.

Underlining indicates amendments to bill.

~~Strike-out~~ indicates matter stricken from the bill by amendment or deleted from the law by amendment.



- 1 greater than or equal to its regulatory action level  
2 RBC; and
- 3 2. less than its company action level RBC; [or]
- 4 (ii) in the case of a life insurer, the life insurer has total  
5 adjusted capital that:
- 6 1. is greater than or equal to its company action level  
7 RBC;
- 8 2. is less than the product of its authorized control level  
9 RBC and 2.5; and
- 10 3. has a negative trend; **OR**

11 **(III) IN THE CASE OF A PROPERTY AND CASUALTY INSURER,**  
12 **THE PROPERTY AND CASUALTY INSURER HAS TOTAL ADJUSTED CAPITAL THAT:**

- 13 **1. IS GREATER THAN OR EQUAL TO ITS COMPANY**  
14 **ACTION LEVEL RBC;**
- 15 **2. IS LESS THAN THE PRODUCT OF ITS AUTHORIZED**  
16 **CONTROL LEVEL RBC AND 3.0; AND**
- 17 **3. TRIGGERS THE TREND TEST CALCULATION**  
18 **INCLUDED IN THE PROPERTY AND CASUALTY RBC INSTRUCTIONS;**

19 (2) the Commissioner notifies an insurer of an adjusted RBC report  
20 that indicates an event under item (1) of this subsection; or

21 (3) if an insurer requests a hearing to challenge an adjusted RBC  
22 report that indicates an event under item (1) of this subsection, the Commissioner  
23 notifies the insurer that the Commissioner, after a hearing, has rejected the insurer's  
24 challenge.

25 **SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect**  
26 **October 1, 2009.**