

CHAPTER 375

(House Bill 161)

AN ACT concerning

Insurance – Company Action Level Events – Property and Casualty Insurers

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

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

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

Article – Insurance

4–305.

(a) A company action level event occurs when:

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

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

1. greater than or equal to its regulatory action level RBC; and

2. less than its company action level RBC; [or]

(ii) in the case of a life insurer, the life insurer has total adjusted capital that:

1. is greater than or equal to its company action level RBC;

2. is less than the product of its authorized control level RBC and 2.5; and

3. has a negative trend; **OR**

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

- 1. IS GREATER THAN OR EQUAL TO ITS COMPANY ACTION LEVEL RBC;**

- 2. IS LESS THAN THE PRODUCT OF ITS AUTHORIZED CONTROL LEVEL RBC AND 3.0; AND**

- 3. TRIGGERS THE TREND TEST CALCULATION INCLUDED IN THE PROPERTY AND CASUALTY RBC INSTRUCTIONS;**

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

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

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

Approved by the Governor, May 7, 2009.