

SENATE BILL 547

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CF HB 305

By: **Senators Pugh, Jones, and McFadden**

Introduced and read first time: February 4, 2010

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Domestic Reinsurers**

3 FOR the purpose of specifying a certain assessment fee payable by certain domestic
4 reinsurers to the Maryland Insurance Commissioner; exempting certain
5 domestic reinsurers from a certain requirement to have an office in the State;
6 requiring certain domestic reinsurers to keep certain assets in the State;
7 authorizing certain domestic reinsurers to keep certain records outside the
8 State under certain circumstances; defining a certain term; and generally
9 relating to domestic reinsurers.

10 BY repealing and reenacting, with amendments,
11 Article – Insurance
12 Section 2–502 and 4–115
13 Annotated Code of Maryland
14 (2003 Replacement Volume and 2009 Supplement)

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

17 **Article – Insurance**

18 2–502.

19 (a) The Commissioner shall collect an annual assessment fee from each
20 insurer as provided in subsection (b) of this section.

21 (b) The assessment fee shall be calculated as follows:

22 (1) for each health insurer, the assessment fee is the product of the
23 fraction obtained by dividing the gross direct premium written by the health insurer in
24 the prior calendar year by the total amount of gross direct premium written by all

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 health insurers in the prior calendar year, multiplied by the health insurer
2 assessment portion;

3 (2) for each life insurer, the assessment fee is the product of the
4 fraction obtained by dividing the gross direct premium written by the life insurer in
5 the prior calendar year by the total amount of gross direct premium written by all life
6 insurers in the prior calendar year, multiplied by the life insurer assessment portion;
7 [and]

8 (3) for each property and casualty insurer, the assessment fee is the
9 product of the fraction obtained by dividing the gross direct premium written by the
10 property and casualty insurer in the prior calendar year by the total amount of gross
11 direct premiums written by all property and casualty insurers in the prior calendar
12 year, multiplied by the property and casualty insurer assessment portion; AND

13 (4) FOR EACH DOMESTIC REINSURER SUBJECT TO §
14 4-115(B)(2)(II) AND (C)(3) OF THIS ARTICLE, THE ASSESSMENT FEE IS THE
15 AVERAGE OF THE ASSESSMENT FEE PAID BY THE 100 PROPERTY AND CASUALTY
16 INSURERS WITH THE HIGHEST GROSS DIRECT WRITTEN PREMIUM IN THE PRIOR
17 CALENDAR YEAR.

18 (c) For the purpose of calculating the assessment fee in subsection (b) of this
19 section, a multiple type insurer shall be considered either a health insurer, a life
20 insurer, or a property and casualty insurer based on the majority of premium type
21 written.

22 (d) Notwithstanding any other provision of this subtitle, the minimum
23 assessment shall be \$300 for each authorized insurer.

24 4-115.

25 (a) (1) In this section the following words have the meanings indicated.

26 (2) “DOMESTIC REINSURER” MEANS AN AUTHORIZED INSURER
27 THAT:

28 (I) OPERATES SOLELY AS A REINSURER, AS DEFINED IN §
29 5-901 OF THIS ARTICLE;

30 (II) DOES NOT HAVE ANY GROSS WRITTEN PREMIUM; AND

31 (III) IS DOMICILED IN THE STATE.

32 [(2)] (3) “Financial guaranty reinsurance company” means an
33 insurer that derives at least 90% of its gross written premium from the business of
34 financial guaranty reinsurance.

1 (i) shall keep in the State its entire assets as required by
2 paragraph (1)(ii) of this subsection; and

3 (ii) may keep its general ledger accounting records outside the
4 State if it makes those records available in the State to the Commissioner within 2
5 business days after being requested to do so by the Commissioner.

6 **(3) A DOMESTIC REINSURER THAT BECAME DOMICILED IN THE**
7 **STATE ON OR BEFORE DECEMBER 31, 1995, AND THAT DOES NOT HAVE ITS**
8 **HOME OR EXECUTIVE OFFICE IN THE STATE:**

9 **(I) SHALL KEEP IN THE STATE ITS ENTIRE ASSETS AS**
10 **REQUIRED BY PARAGRAPH (1)(II) OF THIS SUBSECTION; AND**

11 **(II) MAY KEEP ITS GENERAL LEDGER ACCOUNTING**
12 **RECORDS OUTSIDE THE STATE IF IT MAKES THOSE RECORDS AVAILABLE IN THE**
13 **STATE TO THE COMMISSIONER WITHIN 2 BUSINESS DAYS AFTER BEING**
14 **REQUESTED TO DO SO BY THE COMMISSIONER.**

15 (d) This section does not prohibit the holding of funds or transmission of
16 securities outside of the State to:

17 (1) secure or record title to the securities; or

18 (2) sell, lend, buy, redeem, or exchange the securities or alter the
19 provisions of the securities.

20 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
21 June 1, 2010.