

SENATE BILL 59

C3

11r0018

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

Introduced and read first time: January 18, 2011

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Company Action Level Events – Health Insurers**

3 FOR the purpose of specifying when a certain company action level event occurs for
4 health insurers; making stylistic changes; and generally relating to financial
5 regulation of health 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 2010 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) **WHEN** an insurer files an RBC report that indicates that:

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

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

20 2. less than its company action level RBC;

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



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

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

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

7 3. has a negative trend; [or]

8 (iii) in the case of a property and casualty insurer, the property
9 and casualty insurer has total adjusted capital that:

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

12 2. is less than the product of its authorized control level
13 RBC and 3.0; and

14 3. triggers the trend test calculation included in the
15 property and casualty RBC instructions; **OR**

16 **(IV) IN THE CASE OF A HEALTH INSURER, THE HEALTH**
17 **INSURER HAS TOTAL ADJUSTED CAPITAL THAT:**

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

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

22 **3. TRIGGERS THE TREND TEST CALCULATION**
23 **INCLUDED IN THE HEALTH RBC INSTRUCTIONS;**

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

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

30 **SECTION 2. AND BE IT FURTHER ENACTED,** That this Act shall take effect
31 **October 1, 2011.**