

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

Committee Report: Favorable

Senate action: Adopted

Read second time: January 28, 2011

CHAPTER _____

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:

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;

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, the property
12 and casualty insurer has total adjusted capital that:

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

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

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

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

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

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

25 **3. TRIGGERS THE TREND TEST CALCULATION**
26 **INCLUDED IN THE HEALTH RBC INSTRUCTIONS;**

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

29 (3) if an insurer requests a hearing to challenge an adjusted RBC
30 report that indicates an event under item (1) of this subsection, **WHEN** the

1 Commissioner notifies the insurer that the Commissioner, after a hearing, has
2 rejected the insurer's challenge.

3 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
4 October 1, 2011.

Approved:

Governor.

President of the Senate.

Speaker of the House of Delegates.