

Chapter 13

(Senate Bill 59)

AN ACT concerning

Insurance – Company Action Level Events – Health Insurers

FOR the purpose of specifying when a certain company action level event occurs for health insurers; making stylistic changes; and generally relating to financial regulation of health insurers.

BY repealing and reenacting, with amendments,

Article – Insurance

Section 4-305(a)

Annotated Code of Maryland

(2003 Replacement Volume and 2010 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) **WHEN** an insurer files an RBC report that indicates that:

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

RBC; and

1. greater than or equal to its regulatory action level

2. less than its company action level RBC;

(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; **OR**

(IV) IN THE CASE OF A HEALTH INSURER, THE HEALTH 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 HEALTH RBC INSTRUCTIONS;

(2) **WHEN** 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, **WHEN** 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, 2011.

Approved by the Governor, April 12, 2011.