

Department of Legislative Services
Maryland General Assembly
2017 Session

FISCAL AND POLICY NOTE
Third Reader

House Bill 116

(The Speaker)(By Request - Department of Legislative Services)

Economic Matters

Finance

Maryland Insurance Administration - Sunset Review - Required Reports and
Repeal of Preliminary Evaluation Requirement

This bill repeals the requirement that the Maryland Insurance Administration (MIA) be evaluated under the Maryland Program Evaluation Act. Additionally, the bill requires MIA to submit two follow-up reports to the Senate Finance Committee, House Economic Matters Committee, and Department of Legislative Services (DLS). First, MIA must report on the status and effectiveness of its online premium tax collection system 18 months after the system becomes operational. Second, MIA must report on the timeliness of property and casualty form filing review during fiscal 2017 by October 1, 2017.

The bill takes effect July 1, 2017.

Fiscal Summary

State Effect: MIA can handle the bill’s reporting requirements using existing budgeted resources. Revenues are not affected.

Local Effect: The bill does not affect local governmental operations or finances.

Small Business Effect: None.

Analysis

Current Law/Background: MIA is among approximately 70 regulatory entities and activities currently subject to periodic evaluation under the Maryland Program Evaluation Act. The Act establishes a process better known as “sunset review” as most agencies evaluated are also subject to termination, although MIA is not.

The sunset review process traditionally begins with a preliminary evaluation conducted by DLS on behalf of the Legislative Policy Committee (LPC), although a few entities are subject to direct full evaluation. LPC decides whether to waive an agency from further (or full) evaluation. If waived, legislation to reauthorize the agency typically is enacted. Otherwise, a full evaluation usually is undertaken the following year.

DLS conducted a preliminary [evaluation](#) of MIA in 2016. DLS found that MIA is fulfilling its statutory duties to regulate the insurance industry and recommended that it be waived from further evaluation. Instead, DLS recommended that MIA submit two follow-up reports regarding (1) the status of its online premium tax collection system that is currently being developed (due 18 months after the system becomes operational) and (2) the timeliness of property and casualty form filing review (due October 1, 2017). Additionally, DLS recommended that MIA be removed from the list of governmental units subject to the sunset evaluation process because (1) the agency is subject to annual budget analyses that examine many of the same issues covered by sunset evaluation and (2) no other unit of State government that is comparable to MIA in size and scope of regulatory authority is subject to the Maryland Program Evaluation Act. The bill implements these recommendations.

Additional Information

Prior Introductions: None.

Cross File: SB 189 (The President)(By Request - Department of Legislative Services) - Finance.

Information Source(s): Maryland Insurance Administration; Department of Legislative Services

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