

Department of Legislative Services
Maryland General Assembly
2018 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 71

(Chair, Finance Committee)(By Request - Departmental -
Maryland Insurance Administration)

Finance

Economic Matters

**Insurance - Certificates of Qualification for Surplus Lines Brokers - Suspensions
and Revocations**

This departmental bill makes a technical correction by changing reference to a “semiannual statement” to “report.” The correction relates to the Insurance Commissioner’s authority to suspend or revoke the certificate of qualification for a surplus lines broker that does not submit a required report to the Maryland Insurance Administration (MIA).

Fiscal Summary

State Effect: None; the bill codifies existing practice.

Local Effect: None.

Small Business Effect: MIA has determined that this bill has minimal or no impact on small business (attached). The Department of Legislative Services concurs with this assessment.

Analysis

Current Law/Background: By March 15 and September 15 of each year, or at any other time specified by the Insurance Commissioner, each surplus lines broker must file a report on his or her business that is subject to the premium tax and pay the tax that is owed. The section of law authorizing the Commissioner to suspend or revoke the certificate of qualification for a surplus lines broker that fails to file the report was not changed when

the “semiannual statement” requirement became a “reporting requirement.” Therefore, the bill makes a technical correction by replacing “semiannual statement” with “report.”

Additional Information

Prior Introductions: None.

Cross File: None.

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

Fiscal Note History: First Reader - January 10, 2018
nb/jc Third Reader - January 24, 2018

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ANALYSIS OF ECONOMIC IMPACT ON SMALL BUSINESSES

TITLE OF BILL: Insurance – Surplus Lines - Report

BILL NUMBER: SB 71

PREPARED BY:
(Dept./Agency) Maryland Insurance Administration

PART A. ECONOMIC IMPACT RATING

This agency estimates that the proposed bill:

WILL HAVE MINIMAL OR NO ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESS

OR

WILL HAVE MEANINGFUL ECONOMIC IMPACT ON MARYLAND
SMALL BUSINESSES

PART B. ECONOMIC IMPACT ANALYSIS

This bill makes a technical correction to § 3-317 of the Insurance Article, which sets forth the circumstances in which the Commissioner may suspend or revoke the certificate of qualification of a surplus lines broker. Section 3-325, Insurance Article, currently provides that periodically, each surplus lines broker that has transacted business in the state during the reporting period must file with the Commissioner “a report,” on a form the Commissioner prescribes, on business subject to tax during the preceding half calendar year or other interval that the Commissioner directs. A prior requirement in § 3-323 required that “a semiannual statement” be filed with the Commissioner; however, this requirement was repealed in 1998. This bill repeals an outdated reference to the “semiannual statement” in § 3-317(a)(1), and replaces it with a reference to the “report” currently required under § 3-325.

This bill has no impact on small business.