

SENATE BILL 44

C3, C4

9lr0073

(PRE-FILED)

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

Requested: October 15, 2018

Introduced and read first time: January 9, 2019

Assigned to: Finance

A BILL ENTITLED

1 AN ACT concerning

2 **Insurance – Corporate Governance Annual Disclosure Act**

3 FOR the purpose of requiring certain insurers and insurance groups to submit to the
4 Maryland Insurance Commissioner a certain Corporate Governance Annual
5 Disclosure (CGAD) not later than a certain date each calendar year beginning in a
6 certain year; requiring certain insurers to submit a certain CGAD in a certain
7 manner to the commissioner of the lead state for a certain insurance group; requiring
8 that a CGAD contain a certain signature attesting to certain information; requiring
9 certain insurers to submit a CGAD to the Commissioner on request; authorizing
10 certain insurers and insurance groups to provide information regarding their
11 corporate governance structures at certain levels and to consider certain criteria in
12 determining for which level to provide the information; requiring certain insurers
13 and insurance groups to indicate certain information under certain circumstances;
14 authorizing the Commissioner to request additional information from a certain
15 insurer or insurance group under certain circumstances; requiring that a certain
16 review and any additional requests for information be made through the lead state
17 in a certain manner under certain circumstances; providing that an insurer that
18 includes certain information in another document submitted to the Commissioner
19 may not be required to duplicate the information in the CGAD and is required to
20 cross-reference in the CGAD the other document; requiring that certain insurers
21 and insurance groups have discretion over the responses to a CGAD; requiring that
22 the CGAD contain certain information; requiring that the insurer or insurance group
23 maintain certain documentation and supporting information and make the
24 documentation and supporting information available to the Commissioner under
25 certain circumstances; providing for the confidentiality and privilege of certain
26 documents and information contained in and relating to a CGAD; authorizing the
27 sharing of certain documents and information relating to a CGAD under certain
28 circumstances; prohibiting the Commissioner from making certain documents,
29 materials, and information public except under certain circumstances; prohibiting

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 certain persons from being allowed or required to testify in certain actions; requiring
2 that certain persons be subject to certain confidentiality standards and
3 requirements; authorizing the Commissioner to retain certain consultants for
4 certain purposes; requiring that a third-party consultant verify to the
5 Commissioner, with notice to the insurer, certain information; requiring the
6 Commissioner to enter into a certain agreement with certain persons; requiring
7 certain corporations to be governed and regulated by certain provisions of this Act;
8 providing that certain provisions of this Act apply to managed care organizations
9 and health maintenance organizations; establishing a certain penalty; authorizing
10 the Commissioner to reduce a certain penalty under certain circumstances;
11 authorizing the Commissioner to adopt certain regulations; providing for the
12 application and construction of this Act; defining certain terms; establishing a
13 certain short title; making conforming changes; and generally relating to corporate
14 governance disclosures regarding insurers.

15 BY adding to

16 Article – Insurance

17 Section 4-501 through 4-509 to be under the new subtitle “Subtitle 5. Corporate
18 Governance Annual Disclosure Act”

19 Annotated Code of Maryland

20 (2017 Replacement Volume and 2018 Supplement)

21 BY repealing and reenacting, with amendments,

22 Article – Insurance

23 Section 14-102(g)

24 Annotated Code of Maryland

25 (2017 Replacement Volume and 2018 Supplement)

26 BY repealing and reenacting, with amendments,

27 Article – Health – General

28 Section 15-102.6

29 Annotated Code of Maryland

30 (2015 Replacement Volume and 2018 Supplement)

31 BY adding to

32 Article – Health – General

33 Section 19-706(m)

34 Annotated Code of Maryland

35 (2015 Replacement Volume and 2018 Supplement)

36 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,

37 That the Laws of Maryland read as follows:

38 **Article – Insurance**

39 **SUBTITLE 5. CORPORATE GOVERNANCE ANNUAL DISCLOSURE ACT.**

1 4-501.

2 (A) IN THIS SUBTITLE THE FOLLOWING WORDS HAVE THE MEANINGS
3 INDICATED.

4 (B) "CORPORATE GOVERNANCE ANNUAL DISCLOSURE" OR "CGAD"
5 MEANS A CONFIDENTIAL REPORT SUBMITTED BY AN INSURER OR THE INSURANCE
6 GROUP OF WHICH THE INSURER IS A MEMBER IN ACCORDANCE WITH THE
7 REQUIREMENTS OF THIS SUBTITLE.

8 (C) "INSURANCE GROUP" MEANS THOSE INSURERS AND AFFILIATES
9 INCLUDED WITHIN AN INSURANCE HOLDING COMPANY SYSTEM AS DEFINED IN
10 § 7-101 OF THIS ARTICLE.

11 (D) (1) "INSURER" INCLUDES:

12 (I) EACH PERSON ENGAGED AS INDEMNITOR, SURETY, OR
13 CONTRACTOR IN THE BUSINESS OF ENTERING INTO INSURANCE CONTRACTS;

14 (II) A NONPROFIT HEALTH SERVICE PLAN;

15 (III) A HEALTH MAINTENANCE ORGANIZATION;

16 (IV) A DENTAL PLAN ORGANIZATION; AND

17 (V) A MANAGED CARE ORGANIZATION.

18 (2) "INSURER" DOES NOT INCLUDE AN AGENCY, AN AUTHORITY, OR
19 AN INSTRUMENTALITY OF THE UNITED STATES, ITS POSSESSIONS AND
20 TERRITORIES, THE COMMONWEALTH OF PUERTO RICO, THE DISTRICT OF
21 COLUMBIA, OR A POLITICAL SUBDIVISION OF A STATE.

22 (E) "NAIC" MEANS THE NATIONAL ASSOCIATION OF INSURANCE
23 COMMISSIONERS.

24 (F) "ORSA SUMMARY REPORT" HAS THE MEANING STATED IN § 32-101 OF
25 THIS ARTICLE.

26 4-502.

27 (A) THE REQUIREMENTS OF THIS SUBTITLE APPLY ONLY TO INSURERS
28 DOMICILED IN THIS STATE.

29 (B) SUBJECT TO SUBSECTION (C) OF THIS SECTION, THIS SUBTITLE MAY

1 NOT BE CONSTRUED TO REQUIRE OR IMPOSE CORPORATE GOVERNANCE
2 STANDARDS AND INTERNAL PROCEDURES BEYOND THOSE WHICH ARE REQUIRED
3 UNDER THE CORPORATIONS AND ASSOCIATIONS ARTICLE.

4 (C) THIS SUBTITLE MAY NOT BE CONSTRUED TO LIMIT THE
5 COMMISSIONER'S AUTHORITY, OR THE RIGHTS OR OBLIGATIONS OF A THIRD-PARTY
6 UNDER TITLE 2, SUBTITLE 2 OF THIS ARTICLE.

7 4-503.

8 (A) (1) NOT LATER THAN JUNE 1 EACH CALENDAR YEAR BEGINNING IN
9 2020, AN INSURER OR THE INSURANCE GROUP OF WHICH THE INSURER IS A MEMBER
10 AND FOR WHICH THE STATE IS THE LEAD STATE SHALL SUBMIT TO THE
11 COMMISSIONER A CORPORATE GOVERNANCE ANNUAL DISCLOSURE THAT IS IN THE
12 FORM AND CONTAINS THE INFORMATION REQUIRED BY REGULATION.

13 (2) IF AN INSURER IS A MEMBER OF AN INSURANCE GROUP AND THE
14 STATE IS NOT THE LEAD STATE FOR THE INSURANCE GROUP, THE INSURER SHALL
15 SUBMIT A CGAD TO THE COMMISSIONER OF THE LEAD STATE FOR THE INSURANCE
16 GROUP, IN ACCORDANCE WITH THE LAWS OF THE LEAD STATE, AS DETERMINED BY
17 THE PROCEDURES SPECIFIED IN THE MOST RECENT FINANCIAL ANALYSIS
18 HANDBOOK ADOPTED BY THE NAIC.

19 (B) A CGAD SUBMITTED UNDER SUBSECTION (A) OF THIS SECTION SHALL
20 INCLUDE A SIGNATURE OF THE INSURER OR THE CHIEF EXECUTIVE OFFICER OR
21 CORPORATE SECRETARY OF THE INSURANCE GROUP OF WHICH THE INSURER IS A
22 MEMBER ATTESTING, TO THE BEST OF THAT INDIVIDUAL'S BELIEF AND
23 KNOWLEDGE, THAT:

24 (1) THE INSURER HAS IMPLEMENTED A CORPORATE GOVERNANCE
25 STRUCTURE, POLICIES, AND PRACTICES; AND

26 (2) A COPY OF THE CGAD HAS BEEN PROVIDED TO THE INSURER'S
27 BOARD OF DIRECTORS OR THE APPROPRIATE COMMITTEE OF THE BOARD OF
28 DIRECTORS.

29 (C) ON REQUEST OF THE COMMISSIONER, AN INSURER THAT IS NOT
30 REQUIRED TO SUBMIT A CGAD UNDER SUBSECTION (A)(1) OF THIS SECTION SHALL
31 SUBMIT A CGAD TO THE COMMISSIONER.

32 (D) (1) DEPENDING ON HOW AN INSURER OR THE INSURANCE GROUP OF
33 WHICH THE INSURER IS A MEMBER HAS STRUCTURED ITS CORPORATE
34 GOVERNANCE, THE INSURER OR INSURANCE GROUP SUBMITTING A CGAD TO THE
35 COMMISSIONER MAY PROVIDE INFORMATION REGARDING ITS CORPORATE

1 GOVERNANCE STRUCTURE AT:

2 (I) THE ULTIMATE CONTROLLING PARENT LEVEL;

3 (II) AN INTERMEDIATE HOLDING COMPANY LEVEL; OR

4 (III) THE INDIVIDUAL LEGAL ENTITY LEVEL.

5 (2) IN DETERMINING THE LEVEL FOR WHICH INFORMATION WILL BE
6 PROVIDED UNDER PARAGRAPH (1) OF THIS SUBSECTION, THE INSURER OR
7 INSURANCE GROUP MAY CONSIDER THE FOLLOWING CRITERIA:

8 (I) THE LEVEL AT WHICH THE INSURER'S OR INSURANCE
9 GROUP'S RISK APPETITE IS DETERMINED;

10 (II) THE LEVEL AT WHICH FACTORS, SUCH AS EARNINGS,
11 CAPITAL, LIQUIDITY, OPERATIONS, AND REPUTATION OF THE INSURER, ARE
12 OVERSEEN COLLECTIVELY, AND AT WHICH LEVEL THE SUPERVISION OF THOSE
13 FACTORS IS COORDINATED AND EXERCISED; OR

14 (III) THE LEVEL AT WHICH LEGAL LIABILITY FOR FAILURE OF
15 GENERAL CORPORATE GOVERNANCE DUTIES WOULD BE PLACED.

16 (3) IF THE INSURER OR INSURANCE GROUP DETERMINES THE LEVEL
17 OF REPORTING BASED ON THE CRITERIA LISTED UNDER PARAGRAPH (2) OF THIS
18 SUBSECTION, THE INSURER OR INSURANCE GROUP SHALL INDICATE WHICH OF THE
19 THREE CRITERIA WAS USED TO DETERMINE THE LEVEL OF REPORTING AND EXPLAIN
20 ANY SUBSEQUENT CHANGES IN THE LEVEL FOR WHICH INFORMATION IS PROVIDED.

21 (E) IF A CGAD IS SUBMITTED TO A LEAD STATE UNDER SUBSECTION (A)(2)
22 OF THIS SECTION, A REVIEW OF THE CGAD AND ANY ADDITIONAL REQUESTS FOR
23 INFORMATION SHALL BE MADE THROUGH THE LEAD STATE, AS DETERMINED BY THE
24 PROCEDURES SPECIFIED IN THE MOST RECENT FINANCIAL ANALYSIS HANDBOOK
25 ADOPTED BY THE NAIC.

26 (F) AN INSURER THAT INCLUDES INFORMATION SUBSTANTIALLY SIMILAR
27 TO THE INFORMATION REQUIRED UNDER THIS SUBTITLE IN ANOTHER DOCUMENT
28 SUBMITTED TO THE COMMISSIONER, INCLUDING PROXY STATEMENTS FILED IN
29 CONJUNCTION WITH FORM B REQUIREMENTS, OR OTHER STATE OR FEDERAL
30 FILINGS PROVIDED TO THE ADMINISTRATION:

31 (1) MAY NOT BE REQUIRED TO DUPLICATE THE INFORMATION IN A
32 CGAD; AND

1 **(2) SHALL CROSS-REFERENCE IN THE CGAD THE OTHER DOCUMENT**
2 **IN WHICH THE INFORMATION IS INCLUDED.**

3 **4-504.**

4 **(A) (1) SUBJECT TO PARAGRAPH (2) OF THIS SUBSECTION, AN INSURER**
5 **OR THE INSURANCE GROUP OF WHICH THE INSURER IS A MEMBER SHALL HAVE**
6 **DISCRETION OVER THE RESPONSES TO A CGAD INQUIRY.**

7 **(2) THE CGAD SHALL CONTAIN THE MATERIAL INFORMATION**
8 **NECESSARY TO PERMIT THE COMMISSIONER TO DEVELOP AN UNDERSTANDING OF**
9 **THE CORPORATE GOVERNANCE STRUCTURE, POLICIES, AND PRACTICES OF THE**
10 **INSURER OR INSURANCE GROUP.**

11 **(B) THE COMMISSIONER MAY REQUEST FROM AN INSURER OR THE**
12 **INSURANCE GROUP OF WHICH THE INSURER IS A MEMBER ADDITIONAL**
13 **INFORMATION THAT THE COMMISSIONER DETERMINES MATERIAL AND NECESSARY.**

14 **(C) THE INSURER OR THE INSURANCE GROUP OF WHICH THE INSURER IS A**
15 **MEMBER SHALL:**

16 **(1) MAINTAIN DOCUMENTATION AND SUPPORTING INFORMATION;**
17 **AND**

18 **(2) MAKE THE DOCUMENTATION AND SUPPORTING INFORMATION**
19 **AVAILABLE TO THE COMMISSIONER ON EXAMINATION OR ON REQUEST OF THE**
20 **COMMISSIONER.**

21 **4-505.**

22 **(A) ANY DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED**
23 **INFORMATION, INCLUDING A CGAD, RELATING TO AN INSURER AND IN THE**
24 **POSSESSION OR CONTROL OF THE COMMISSIONER THAT IS OBTAINED BY, CREATED**
25 **BY, OR DISCLOSED TO THE COMMISSIONER OR ANY OTHER PERSON UNDER THIS**
26 **SUBTITLE:**

27 **(1) IS CONFIDENTIAL AND PRIVILEGED;**

28 **(2) IS NOT SUBJECT TO THE PUBLIC INFORMATION ACT;**

29 **(3) IS NOT SUBJECT TO SUBPOENA; AND**

30 **(4) IS NOT SUBJECT TO DISCOVERY OR ADMISSIBLE IN EVIDENCE IN**
31 **ANY PRIVATE CIVIL ACTION.**

1 **(B) EXCEPT AS OTHERWISE PROVIDED BY THIS SUBTITLE, THE**
2 **COMMISSIONER MAY NOT MAKE PUBLIC ANY DOCUMENTS, MATERIALS, OR OTHER**
3 **CGAD-RELATED INFORMATION RELATING TO AN INSURER WITHOUT THE PRIOR**
4 **WRITTEN CONSENT OF THE INSURER.**

5 **(C) THE COMMISSIONER MAY USE ANY DOCUMENTS, MATERIALS, OR OTHER**
6 **CGAD-RELATED INFORMATION RELATING TO AN INSURER IN THE FURTHERANCE**
7 **OF ANY REGULATORY OR LEGAL ACTION BROUGHT AS A PART OF THE DUTIES OF THE**
8 **COMMISSIONER.**

9 **(D) THIS SECTION MAY NOT BE CONSTRUED TO REQUIRE WRITTEN**
10 **CONSENT OF AN INSURER BEFORE THE COMMISSIONER MAY SHARE OR RECEIVE**
11 **CONFIDENTIAL DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED**
12 **INFORMATION THAT ASSIST IN THE PERFORMANCE OF THE REGULATORY DUTIES OF**
13 **THE COMMISSIONER.**

14 **(E) THE COMMISSIONER AND ANY PERSON THAT RECEIVED CONFIDENTIAL**
15 **DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION, THROUGH**
16 **EXAMINATION OR OTHERWISE, WHILE ACTING UNDER THE AUTHORITY OF THE**
17 **COMMISSIONER, OR WITH WHOM THE DOCUMENTS, MATERIALS, OR OTHER**
18 **CGAD-RELATED INFORMATION ARE SHARED UNDER THIS SUBTITLE MAY NOT BE**
19 **ALLOWED OR REQUIRED TO TESTIFY IN ANY PRIVATE CIVIL ACTION CONCERNING**
20 **THE CONFIDENTIAL DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED**
21 **INFORMATION.**

22 **(F) (1) TO ASSIST IN THE PERFORMANCE OF THE REGULATORY DUTIES**
23 **OF THE COMMISSIONER, THE COMMISSIONER MAY, ON REQUEST, SHARE**
24 **DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION, INCLUDING**
25 **CONFIDENTIAL AND PRIVILEGED DOCUMENTS, MATERIALS, OR OTHER**
26 **CGAD-RELATED INFORMATION AS PROVIDED UNDER SUBSECTION (A) OF THIS**
27 **SECTION WITH:**

28 **(I) OTHER STATE, FEDERAL, AND INTERNATIONAL FINANCIAL**
29 **REGULATORY AGENCIES, INCLUDING MEMBERS OF ANY SUPERVISORY COLLEGE AS**
30 **DEFINED IN § 2-209.1 OF THIS ARTICLE;**

31 **(II) THE NAIC; AND**

32 **(III) ANY THIRD-PARTY CONSULTANT THE COMMISSIONER**
33 **DESIGNATES.**

34 **(2) THE COMMISSIONER MAY SHARE DOCUMENTS, MATERIALS, OR**
35 **OTHER CGAD-RELATED INFORMATION UNDER PARAGRAPH (1) OF THIS**

1 SUBSECTION IF THE RECIPIENT OF THE DOCUMENTS, MATERIALS, OR OTHER
2 CGAD-RELATED INFORMATION:

3 (I) AGREES IN WRITING TO MAINTAIN THE CONFIDENTIALITY
4 AND PRIVILEGED STATUS OF THE DOCUMENTS, MATERIALS, OR OTHER
5 CGAD-RELATED INFORMATION; AND

6 (II) VERIFIES IN WRITING THAT THE RECIPIENT HAS THE LEGAL
7 AUTHORITY TO MAINTAIN CONFIDENTIALITY AND PRIVILEGED STATUS OF THE
8 DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION.

9 (G) (1) THE COMMISSIONER MAY RECEIVE DOCUMENTS, MATERIALS, OR
10 OTHER CGAD-RELATED INFORMATION FROM:

11 (I) OTHER STATE, FEDERAL, AND INTERNATIONAL FINANCIAL
12 REGULATORY AGENCIES, INCLUDING MEMBERS OF ANY SUPERVISORY COLLEGE AS
13 DEFINED IN § 2-209.1 OF THIS ARTICLE; AND

14 (II) THE NAIC.

15 (2) THE COMMISSIONER SHALL MAINTAIN AS CONFIDENTIAL AND
16 PRIVILEGED ANY DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED
17 INFORMATION RECEIVED UNDER PARAGRAPH (1) OF THIS SECTION THAT THE
18 COMMISSIONER RECEIVES WITH NOTICE OR THE UNDERSTANDING THAT THE
19 DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION ARE
20 CONFIDENTIAL AND PRIVILEGED UNDER THE LAWS OF THE JURISDICTION THAT IS
21 THE SOURCE OF THE DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED
22 INFORMATION.

23 (H) (1) THE SHARING OF INFORMATION AND DOCUMENTS BY THE
24 COMMISSIONER UNDER THIS SUBTITLE MAY NOT CONSTITUTE A DELEGATION OF
25 REGULATORY AUTHORITY OR RULEMAKING.

26 (2) THE COMMISSIONER IS SOLELY RESPONSIBLE FOR THE
27 ADMINISTRATION, EXECUTION, AND ENFORCEMENT OF THE PROVISIONS OF THIS
28 SUBTITLE.

29 (I) A WAIVER OF ANY APPLICABLE PRIVILEGE OR CLAIM OF
30 CONFIDENTIALITY AND PRIVILEGES IN ANY DOCUMENTS, MATERIALS, OR OTHER
31 CGAD-RELATED INFORMATION MAY NOT OCCUR AS A RESULT OF:

32 (1) THE DISCLOSURE OF THE DOCUMENTS, MATERIALS, OR OTHER
33 CGAD-RELATED INFORMATION TO THE COMMISSIONER UNDER THIS SECTION; OR

1 **(2) THE SHARING OF THE DOCUMENTS, MATERIALS, OR OTHER**
2 **CGAD-RELATED INFORMATION UNDER THIS SUBTITLE.**

3 **4-506.**

4 **(A) (1) THE COMMISSIONER MAY RETAIN, AT AN INSURER'S EXPENSE,**
5 **THIRD-PARTY CONSULTANTS AS MAY BE REASONABLY NECESSARY TO ASSIST THE**
6 **COMMISSIONER IN:**

7 **(I) REVIEWING A CGAD AND DOCUMENTS, MATERIALS, OR**
8 **OTHER CGAD-RELATED INFORMATION; OR**

9 **(II) DETERMINING AN INSURER'S COMPLIANCE WITH THIS**
10 **SUBTITLE.**

11 **(2) THIRD-PARTY CONSULTANTS RETAINED UNDER PARAGRAPH (1)**
12 **OF THIS SUBSECTION MAY INCLUDE ATTORNEYS, ACTUARIES, ACCOUNTANTS, AND**
13 **ANY OTHER EXPERTS NOT OTHERWISE A PART OF THE COMMISSIONER'S STAFF.**

14 **(B) ANY PERSON RETAINED UNDER SUBSECTION (A) OF THIS SECTION**
15 **SHALL:**

16 **(1) BE UNDER THE DIRECTION AND CONTROL OF THE**
17 **COMMISSIONER; AND**

18 **(2) ACT IN A PURELY ADVISORY CAPACITY.**

19 **(C) THE NAIC AND ANY THIRD-PARTY CONSULTANT SHALL BE SUBJECT TO**
20 **THE SAME CONFIDENTIALITY STANDARDS AND REQUIREMENTS AS THE**
21 **COMMISSIONER.**

22 **(D) AS PART OF THE RETENTION PROCESS, A THIRD-PARTY CONSULTANT**
23 **SHALL VERIFY TO THE COMMISSIONER, WITH NOTICE TO THE INSURER, THAT THE**
24 **THIRD-PARTY CONSULTANT:**

25 **(1) IS FREE OF A CONFLICT OF INTEREST WITH THE INSURER; AND**

26 **(2) HAS INTERNAL PROCEDURES IN PLACE TO MONITOR COMPLIANCE**
27 **REGARDING ANY CONFLICT AND TO COMPLY WITH THE CONFIDENTIALITY**
28 **STANDARDS AND REQUIREMENTS UNDER THIS SUBTITLE.**

29 **(E) (1) THE COMMISSIONER SHALL ENTER INTO A WRITTEN AGREEMENT**
30 **WITH THE NAIC OR A THIRD-PARTY CONSULTANT GOVERNING SHARING AND USE**
31 **OF DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION**

1 SUBMITTED TO THE COMMISSIONER UNDER THIS SUBTITLE.

2 (2) THE WRITTEN AGREEMENT UNDER PARAGRAPH (1) OF THIS
3 SUBSECTION SHALL:

4 (I) REQUIRE THE WRITTEN CONSENT OF AN INSURER BEFORE
5 MAKING PUBLIC DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED
6 INFORMATION SUBMITTED TO THE COMMISSIONER UNDER THIS SUBTITLE;

7 (II) SPECIFY PROCEDURES AND PROTOCOLS FOR MAINTAINING
8 THE CONFIDENTIALITY AND SECURITY OF DOCUMENTS, MATERIALS, OR OTHER
9 CGAD-RELATED INFORMATION SHARED WITH THE NAIC OR A THIRD-PARTY
10 CONSULTANT UNDER THIS SUBTITLE;

11 (III) SPECIFY PROCEDURES AND PROTOCOLS FOR THE SHARING
12 OF DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION BY THE
13 NAIC ONLY WITH OTHER STATE REGULATORS FROM STATES IN WHICH AN
14 INSURANCE GROUP HAS DOMICILED INSURERS;

15 (IV) SPECIFY THAT THE RECIPIENT OF ANY DOCUMENTS,
16 MATERIALS, OR OTHER CGAD-RELATED INFORMATION:

17 1. AGREES IN WRITING TO MAINTAIN THE
18 CONFIDENTIALITY AND PRIVILEGED STATUS OF THE DOCUMENTS, MATERIALS, OR
19 OTHER CGAD-RELATED INFORMATION; AND

20 2. HAS VERIFIED IN WRITING THE LEGAL AUTHORITY TO
21 MAINTAIN CONFIDENTIALITY;

22 (V) SPECIFY THAT:

23 1. OWNERSHIP OF THE DOCUMENTS, MATERIALS, OR
24 OTHER CGAD-RELATED INFORMATION SHARED UNDER THIS SUBTITLE WITH THE
25 NAIC OR A THIRD-PARTY CONSULTANT REMAINS WITH THE COMMISSIONER; AND

26 2. THE NAIC'S OR THIRD-PARTY CONSULTANT'S USE OF
27 THE INFORMATION IS SUBJECT TO THE DIRECTION OF THE COMMISSIONER;

28 (VI) PROHIBIT THE NAIC AND ANY THIRD-PARTY CONSULTANT
29 FROM STORING DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED
30 INFORMATION SHARED UNDER THIS SUBTITLE IN A PERMANENT DATABASE AFTER
31 THE UNDERLYING ANALYSIS IS COMPLETED;

32 (VII) REQUIRE THE NAIC AND ANY THIRD-PARTY CONSULTANT

1 TO PROVIDE PROMPT NOTICE TO THE COMMISSIONER AND TO THE INSURER OR
2 INSURANCE GROUP OF WHICH THE INSURER IS A MEMBER REGARDING ANY
3 SUBPOENA, REQUEST FOR DISCLOSURE, OR REQUEST FOR PRODUCTION OF THE
4 INSURER'S DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION;
5 AND

6 (VIII) REQUIRE THE NAIC AND ANY THIRD-PARTY CONSULTANT
7 TO CONSENT TO INTERVENTION BY AN INSURER IN ANY JUDICIAL OR
8 ADMINISTRATIVE ACTION IN WHICH THE NAIC OR THE THIRD-PARTY CONSULTANT
9 MAY BE REQUIRED TO DISCLOSE CONFIDENTIAL DOCUMENTS, MATERIALS, OR
10 OTHER CGAD-RELATED INFORMATION ABOUT THE INSURER SHARED WITH THE
11 NAIC OR THE THIRD-PARTY CONSULTANT UNDER THIS SUBTITLE.

12 4-507.

13 (A) SUBJECT TO § 2-210 OF THIS ARTICLE, AN INSURER THAT FAILS TO
14 TIMELY SUBMIT A CGAD TO THE COMMISSIONER AS REQUIRED BY THIS SUBTITLE
15 AND WITHOUT JUST CAUSE IS SUBJECT TO A PENALTY OF \$200 FOR EACH DAY THE
16 VIOLATION CONTINUES, UP TO A MAXIMUM OF \$25,000.

17 (B) THE COMMISSIONER MAY REDUCE A PENALTY IMPOSED ON AN INSURER
18 UNDER SUBSECTION (A) OF THIS SECTION IF THE INSURER DEMONSTRATES TO THE
19 COMMISSIONER THAT THE IMPOSITION OF THE PENALTY WOULD CONSTITUTE A
20 FINANCIAL HARDSHIP TO THE INSURER.

21 (C) THIS SECTION DOES NOT LIMIT THE AUTHORITY OF THE
22 COMMISSIONER TO TAKE ANY OTHER ACTION AUTHORIZED BY THIS ARTICLE.

23 4-508.

24 THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS
25 SUBTITLE.

26 4-509.

27 THIS SUBTITLE MAY BE CITED AS THE CORPORATE GOVERNANCE ANNUAL
28 DISCLOSURE ACT.

29 14-102.

30 (g) A corporation without capital stock organized for the purpose of establishing,
31 maintaining, and operating a nonprofit health service plan through which health care
32 providers provide health care services to subscribers to the plan under contracts that entitle
33 each subscriber to certain health care services shall be governed and regulated by:

- 1 (1) this subtitle;
- 2 (2) Title 2, Subtitle 2 of this article and §§ 1–206, 3–127, and 12–210 of this
3 article;
- 4 (3) Title 2, Subtitle 5 of this article;
- 5 (4) §§ 4–113 [and], 4–114, AND 4–503 of this article;
- 6 (5) Title 5, Subtitles 1, 2, 3, 4, and 5 of this article;
- 7 (6) Title 7 of this article, except for § 7–706 and Subtitle 2 of Title 7;
- 8 (7) Title 9, Subtitles 1, 2, and 4 of this article;
- 9 (8) Title 10, Subtitle 1 of this article;
- 10 (9) Title 27 of this article; and
- 11 (10) any other provision of this article that:
- 12 (i) is expressly referred to in this subtitle;
- 13 (ii) expressly refers to this subtitle; or
- 14 (iii) expressly refers to nonprofit health service plans or persons
15 subject to this subtitle.

16 Article – Health – General

17 15–102.6.

18 (a) **(1)** Subject to [subsection (b) of this section] **PARAGRAPH (2) OF THIS**
19 **SUBSECTION**, the provisions of Title 7 of the Insurance Article apply to managed care
20 organizations.

21 **[(b)] (2)** Before approving a transaction under § 7–306 of the Insurance Article,
22 the Insurance Commissioner shall consult with the Secretary.

23 **[(c)] (3)** The Insurance Commissioner:

24 **[(1)] (I)** Shall adopt regulations establishing a reporting materiality
25 threshold; and

26 **[(2)] (II)** May adopt regulations necessary to implement the provisions of
27 this [section] **SUBSECTION**.

1 [(d)] (4) The provisions of this [section] SUBSECTION may not apply to any
2 transaction preempted by federal law.

3 (B) THE PROVISIONS OF TITLE 4, SUBTITLE 5 OF THE INSURANCE ARTICLE
4 APPLY TO MANAGED CARE ORGANIZATIONS.

5 19-706.

6 (M) THE PROVISIONS OF TITLE 4, SUBTITLE 5 OF THE INSURANCE ARTICLE
7 APPLY TO HEALTH MAINTENANCE ORGANIZATIONS.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect July
9 1, 2019.