

## Chapter 105

**(Senate Bill 44)**

AN ACT concerning

**Insurance – Corporate Governance Annual Disclosure Act**

FOR the purpose of requiring certain insurers and insurance groups to submit to the Maryland Insurance Commissioner a certain Corporate Governance Annual Disclosure (CGAD) not later than a certain date each calendar year beginning in a certain year; requiring certain insurers to submit a certain CGAD in a certain manner to the commissioner of the lead state for a certain insurance group; requiring that a CGAD contain a certain signature attesting to certain information; requiring certain insurers to submit a CGAD to the Commissioner on request; authorizing certain insurers and insurance groups to provide information regarding their corporate governance structures at certain levels and to consider certain criteria in determining for which level to provide the information; requiring certain insurers and insurance groups to indicate certain information under certain circumstances; authorizing the Commissioner to request additional information from a certain insurer or insurance group under certain circumstances; requiring that a certain review and any additional requests for information be made through the lead state in a certain manner under certain circumstances; providing that an insurer that includes certain information in another document submitted to the Commissioner may not be required to duplicate the information in the CGAD and is required to cross-reference in the CGAD the other document; requiring that certain insurers and insurance groups have discretion over the responses to a CGAD; requiring that the CGAD contain certain information; requiring that the insurer or insurance group maintain certain documentation and supporting information and make the documentation and supporting information available to the Commissioner under certain circumstances; providing for the confidentiality and privilege of certain documents and information contained in and relating to a CGAD; authorizing the sharing of certain documents and information relating to a CGAD under certain circumstances; prohibiting the Commissioner from making certain documents, materials, and information public except under certain circumstances; prohibiting certain persons from being allowed or required to testify in certain actions; requiring that certain persons be subject to certain confidentiality standards and requirements; authorizing the Commissioner to retain certain consultants for certain purposes; requiring that a third-party consultant verify to the Commissioner, with notice to the insurer, certain information; requiring the Commissioner to enter into a certain agreement with certain persons; requiring certain corporations to be governed and regulated by certain provisions of this Act; providing that certain provisions of this Act apply to managed care organizations and health maintenance organizations; establishing a certain penalty; authorizing the Commissioner to reduce a certain penalty under certain circumstances; authorizing the Commissioner to adopt certain regulations; providing for the application and construction of this Act; defining certain terms; establishing a

certain short title; making conforming changes; and generally relating to corporate governance disclosures regarding insurers.

BY adding to

Article – Insurance

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

Annotated Code of Maryland

(2017 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, with amendments,

Article – Insurance

Section 14–102(g)

Annotated Code of Maryland

(2017 Replacement Volume and 2018 Supplement)

BY repealing and reenacting, with amendments,

Article – Health – General

Section 15–102.6

Annotated Code of Maryland

(2015 Replacement Volume and 2018 Supplement)

BY adding to

Article – Health – General

Section 19–706(m)

Annotated Code of Maryland

(2015 Replacement Volume and 2018 Supplement)

SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF MARYLAND,  
That the Laws of Maryland read as follows:

### **Article – Insurance**

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

#### **4–501.**

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

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

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

(D) (1) “INSURER” INCLUDES:

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

(II) A NONPROFIT HEALTH SERVICE PLAN;

(III) A HEALTH MAINTENANCE ORGANIZATION;

(IV) A DENTAL PLAN ORGANIZATION; AND

(V) A MANAGED CARE ORGANIZATION.

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

(E) “NAIC” MEANS THE NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS.

(F) “ORSA SUMMARY REPORT” HAS THE MEANING STATED IN § 32-101 OF THIS ARTICLE.

4-502.

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

(B) SUBJECT TO SUBSECTION (C) OF THIS SECTION, THIS SUBTITLE MAY NOT BE CONSTRUED TO REQUIRE OR IMPOSE CORPORATE GOVERNANCE STANDARDS AND INTERNAL PROCEDURES BEYOND THOSE WHICH ARE REQUIRED UNDER THE CORPORATIONS AND ASSOCIATIONS ARTICLE.

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

4-503.

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

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

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

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

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

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

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

- (I) THE ULTIMATE CONTROLLING PARENT LEVEL;
- (II) AN INTERMEDIATE HOLDING COMPANY LEVEL; OR
- (III) THE INDIVIDUAL LEGAL ENTITY LEVEL.

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

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

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

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

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

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

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

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

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

**4-504.**

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

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

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

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

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

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

**4-505.**

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

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

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

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

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

**(B) EXCEPT AS OTHERWISE PROVIDED BY THIS SUBTITLE, THE COMMISSIONER MAY NOT MAKE PUBLIC ANY DOCUMENTS, MATERIALS, OR OTHER**

**CGAD-RELATED INFORMATION RELATING TO AN INSURER WITHOUT THE PRIOR WRITTEN CONSENT OF THE INSURER.**

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

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

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

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

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

(II) THE NAIC; AND

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

(2) THE COMMISSIONER MAY SHARE DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION UNDER PARAGRAPH (1) OF THIS SUBSECTION IF THE RECIPIENT OF THE DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION:

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

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

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

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

**(II) THE NAIC.**

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

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

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

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

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

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



**4-506.**

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

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

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

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

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

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

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

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

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

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

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

**(E) (1) THE COMMISSIONER SHALL ENTER INTO A WRITTEN AGREEMENT WITH THE NAIC OR A THIRD-PARTY CONSULTANT GOVERNING SHARING AND USE OF DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION SUBMITTED TO THE COMMISSIONER UNDER THIS SUBTITLE.**

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

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

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

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

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

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

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

**(V) SPECIFY THAT:**

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

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

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

**(VII) REQUIRE THE NAIC AND ANY THIRD-PARTY CONSULTANT TO PROVIDE PROMPT NOTICE TO THE COMMISSIONER AND TO THE INSURER OR**

INSURANCE GROUP OF WHICH THE INSURER IS A MEMBER REGARDING ANY SUBPOENA, REQUEST FOR DISCLOSURE, OR REQUEST FOR PRODUCTION OF THE INSURER'S DOCUMENTS, MATERIALS, OR OTHER CGAD-RELATED INFORMATION; AND

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

4-507.

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

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

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

4-508.

THE COMMISSIONER MAY ADOPT REGULATIONS TO CARRY OUT THIS SUBTITLE.

4-509.

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

14-102.

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

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

### Article – Health – General

15–102.6.

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

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

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

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

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

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

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

19-706.

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

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

**Approved by the Governor, April 18, 2019.**