

Department of Legislative Services
Maryland General Assembly
2019 Session

FISCAL AND POLICY NOTE
Third Reader

Senate Bill 532

(Senator Klausmeier, *et al.*)

Finance

Economic Matters

Insurance - Formation of Domestic Insurers - Number of Directors

This bill authorizes a domestic financial guaranty insurance company that is prohibited from issuing new policies of financial guaranty insurance to have only five members on its board of directors instead of nine members.

Fiscal Summary

State Effect: The bill does not directly affect State operations or finances.

Local Effect: None.

Small Business Effect: None.

Analysis

Current Law/Background: Financial guaranty insurance covers financial loss resulting from default or insolvency, interest rate level changes, currency exchange rate changes, restrictions imposed by foreign governments, or changes in the value of specific goods or products. Under Maryland law, “financial guaranty insurance company” means an insurer that derives at least 90% of its gross written premium from the business of financial guaranty insurance and financial guaranty reinsurance.

Each domestic insurer (meaning the insurer is headquartered in the State) must have a board of directors comprising at least nine members. The Maryland Insurance Administration advises that the bill applies to one insurer in the State (ACA); this insurer may reduce its number of board members under the bill.

Additional Information

Prior Introductions: None.

Cross File: HB 529 (Delegate Crosby, *et al.*) - Economic Matters.

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

Fiscal Note History: First Reader - February 12, 2019
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