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SUMMARY OF 2002 INSURANCE LEGISLATION
SIGNED INTO LAW BY GOVERNOR PARRIS N. GLENDENING

This bulletin is meant to place insurers authorized to write insurance in Maryland on notice of the insurance laws (Insurance Article §1-101 et seq., Annotated Code of Maryland) passed by the 2002 Maryland General Assembly. The attached synopsis is intended to serve only as a guide. All insurers should refer to the 2002 Chapter Laws of Maryland for complete drafts of the law. Insurers are advised that other bills passed by the General Assembly and not listed on the synopsis may also affect their business operations in Maryland.

For a copy of a specific law passed by the General Assembly during the 2002 legislative session, you may obtain a copy of the bill on the internet at http://mlis.state.md.us or contact the Department of Legislative Services at (410) 946-5400. In addition, you may also obtain a copy of the 2002 Session Review from Library and Information Services, Office of Policy Analysis, Department of Legislative Services, 90 State Circle, Annapolis, Maryland 21401-1991 or call (410) 946-5400.

For additional information concerning the Maryland Insurance Administration's Summary of Legislation, please contact Kathleen Loughran, Director of Government Affairs, at (410) 468-2014.
HOUSE BILL 85 (Chapter 29) - Health Insurance - Small Group Market - Producer Commissions

Amends § 15-1206(f) of the Insurance Article to prohibit a carrier from implementing a producer commission schedule that varies the amount of a commission based on the size of a small employer group unless the variation:

(1) Is inversely related to the size of the small employer group;

(2) Applies to the cumulative premium paid over a specific period of time, is uniformly applied, and is inversely related to the cumulative premium paid during the period of time; or

(3) Is established by a contract between the carrier and each outside producer, and the carrier:

   (i) Specifies in the contract the group size to which the variation applies;

   (ii) Directs the outside producer to refer small employers of the specified size to an employee of the carrier who is a licensed producer or to a company affiliated with the carrier through common ownership within an insurance holding company; and

   (iii) Pays a commission to the employee producer described in item (ii) of this paragraph.

Effective date: June 1, 2002

HOUSE BILL 692 (Chapter 382) - Health Insurance - Habilitative Services - Modification and Clarification

Amends § 15-835 of the Insurance Article to:

- Clarify that a "congenital or genetic birth defect" means a defect existing at or from birth, including a hereditary defect.
• Clarify that a "congenital or genetic birth defect" includes:

(1) Autism or an autism spectrum disorder; and

(2) Cerebral palsy.

• Clarify that "habilitative services" includes treatment for a child with a congenital or
genetic birth defect.

Clarifies that a determination by a carrier denying a request for habilitative services or
denying payment for habilitative services on the grounds that it is not a congenital or
genetic birth defect is considered an adverse decision under § 15-10A-01 of the
Insurance Article.

Effective date: October 1, 2002

HOUSE BILL 754 (Chapter 247) - Health Insurance - Nonrenewal of Individual
Health Benefit Plans - Requirements for Carriers with Affiliates

Amends § 15-1308 of the Insurance Article to:

• Require a carrier that has an affiliate in the individual market to give notice to each
affected individual, at least 180 days before the effective date of nonrenewal, of
the individual's option to purchase all other individual health benefit plans currently
offered by the affiliate of the carrier.

• Require a carrier that offers an individual health benefit plan to offer an individual
health benefit plan to an individual who is nonrenewed by an affiliate of the carrier
on a guarantee issue basis, if the individual applies for coverage no later than 63
days after the effective date of nonrenewal.

• Prohibit a carrier that issues coverage to an individual who is nonrenewed by an
affiliate of the carrier from rating the coverage on a substandard basis unless the
individual was rated on a substandard basis under the prior coverage.

• Require a carrier that issues coverage to an individual who is nonrenewed by an
affiliate of the carrier to waive the waiting period for coverage of a preexisting
condition to the extent that the individual has satisfied a waiting period under the
individual's prior contract or policy.

• Permit a carrier that issues coverage to an individual who is nonrenewed by an
affiliate of the carrier to require the individual to satisfy the remaining part of the
waiting period if any part of the waiting period under the individual's prior contract
or policy has not been satisfied, unless the coverage issued has a shorter waiting
period.
Amends §27-603 of the Insurance Article to permit the Commissioner to disapprove a plan of withdrawal for health insurance if an insurer, nonprofit health service plan, or health maintenance organization has failed to demonstrate compliance with § 15-1212 or § 15-1308 of the Insurance Article.

**Effective date: June 1, 2002**

**HOUSE BILL 805 (Chapter 250) - Reimbursement of Health Care Providers**

Amends § 19-701.1(b)(1)(ii)(2) of the Health-General Article to:

- Reflect the name change of the Health Care Financing Administration to the Centers for Medicare and Medicaid Services.

- Extend the sunset provision until June 30, 2005.

In addition, the bill:

- Requires the Maryland Health Care Commission and the Health Services Cost Review Commission to jointly study and make recommendations to the House Economic Matters and Senate Finance Committees regarding health care provider reimbursements by commercial insurers, including health maintenance organizations, and self-pay patients in the State.

- Requires the Commissions to make recommendations on certain issues listed in the bill.

- Requires the Board of Nursing, in consultation with representatives of health maintenance organizations, to report to the Senate Finance Committee and House Environmental Matters Committee on whether health maintenance organizations in this State should:

  1. Individually credential nurse practitioners; and

  2. Allow for the designation by a member or subscriber of a nurse practitioner as a primary care provider.

**Effective date: June 1, 2002**

**HOUSE BILL 896 (Chapter 394) - Health Insurance - Mental Illness - Coverage for Residential Crisis Services**

Amends § 15-840 of the Insurance Article to:
• Define "residential crisis services" in § 15-840 of the Insurance Article.

• Require certain carriers to provide coverage for medically necessary residential crisis services.

• Permit residential crisis services to be delivered under a managed care system.

Amends § 19-706 of the Health-General Article to apply the provisions of the bill to health maintenance organizations.

Effective date: October 1, 2002

HOUSE BILL 1158 (Chapter 409) - Health Insurance - Continuation Coverage - Voluntary Termination of Employment

• Amends the definition of "change in status" in § 15-409 of the Insurance Article to include:
  
  (1) Involuntary termination of the insured's employment other than for cause; and
  
  (2) Voluntary termination of the insured's employment by the insured employee.

• Requires the benefits under House Bill 1158 to be available to eligible individuals on and after the effective date of this Act, notwithstanding any policy or benefit statement to the contrary.

Effective date: October 1, 2002

HOUSE BILL 1192 (Chapter 411) - Health Insurance - Coverage Under Medical Support Notices

Among other things, alters the provisions of § 15-405 of the Insurance Article to:

• Prohibit an entity subject to the provisions of § 15-405 of the Insurance Article from denying enrollment of a child under the health insurance coverage of an insuring parent because the child is receiving benefits or is eligible to receive benefits under the Maryland Medical Assistance Program.

• Within 20 business days after receipt of a medical support notice from an employer, require a carrier:

  (1) To determine whether the medical support notice contains:

      (i) The employee's name and mailing address; and
(ii) The child's name and the child's mailing address or the address of a substituted official;

(2) If the medical support notice does not contain the information described in paragraph (1) above, to complete and forward the appropriate part of the medical support notice to the issuing child support enforcement agency advising that the medical support notice does not constitute a qualified medical child support order; and

(3) If the medical support notice contains the information described in paragraph (1) above, to comply with the following requirements:

(i) Determine the child's eligibility for enrollment;

(ii) Complete and send the appropriate part of the medical support notice to the employer and the child support enforcement administration;

(iii) Enroll the child if the child is eligible for enrollment, subject to § 15-405(G) of the Insurance Article;

(iv) Send to the employee, child, and custodial parent of the child a written notice that explains that the coverage of the child is or will become available to the child; and

(v) Send to the custodial parent of the child a written description of:

1. The health insurance coverage;
2. The effective date of coverage;
3. The employee's cost for the health insurance coverage; and
4. If not already provided:
   (a) A summary plan description;
   (b) Any forms, documents, or information necessary to effectuate coverage; and
   (c) Any information necessary to submit claims for benefits.

Under § 15-405(G) of the Insurance Article, if the employee’s eligibility for health insurance coverage is subject to a waiting period that has not been completed, require the carrier:
(1) To complete and send the appropriate part of the medical support notice to the employer and the issuing child support agency within 20 business days after receipt of the medical support notice from the employer; and

(2) On the employee's satisfaction of the waiting period, to complete enrollment of the child in accordance with the provisions of § 15-405(G)(1) of the Insurance Article and send the notice and information required under § 15-405(F)(3) of the Insurance Article.

- If the employee’s health insurance plan requires that the employee be enrolled in order for the child to be enrolled and the employee is not currently enrolled, require the carrier to enroll both the employee and the child, without regard to enrollment period restrictions, within the time period specified in § 15-405(F) of the Insurance Article.

- If a child is eligible for enrollment, require the carrier to complete the enrollment without regard to enrollment period restrictions, within the time periods specified in § 15-405(F) and (G) of the Insurance Article.

- Permit the requirement for notification of the child under § 15-405(3)(v) of the Insurance Article to be satisfied by notifying the custodial parent if the child and the custodial parent live at the same address.

**Effective date: July 1, 2002**

**HOUSE BILL 1228 (Chapter 153) - Health Insurance Safety Net Act of 2002**

Amends § 19-219 of the Health-General Article to:

- Require the Health Services Cost Review Commission (HSCRC), among other things, to determine and collect funds necessary to operate and administer the Maryland Health Insurance Plan established under Title 14, Subtitle 5 of the Insurance Article.

- Require each hospital to remit monthly one-twelfth of the amount determined under § 19-219(d)(4) of the Health-General Article to the Maryland Health Insurance Plan Fund.

Establishes Title 14, Subtitle 5 of the Insurance Article which:

- Establishes the Senior Prescription Drug Program.

- Establishes the Maryland Health Insurance Plan as an independent unit that operates in the Maryland Insurance Administration under Title 14, Subtitle 5 of the Insurance Article.
• Authorizes the Board to aggregate the purchasing of prescription drugs for enrollees in the Plan and enrollees in the Senior Prescription Drug Program established under Title 14, Subtitle 5, Part II of the Insurance Article.

• Establishes certain provisions under § 14-504 of the Insurance Article regarding the funding of the Fund and the collection and investment of the Fund.

Amends § 14-106 of the Insurance Article to require a nonprofit health service plan that is subject to § 14-106 of the Insurance Article and issues comprehensive health care benefits in Maryland to administer and subsidize the Senior Prescription Drug Program established under Title 14, Subtitle 5, Part II of the Insurance Article.

Amends § 15-1303 of the Insurance Article to:

• Require a carrier that offers individual health benefit plans in Maryland to submit to the Commissioner, no later than 30 days after the last day of the quarter, for each calendar quarter, a report that includes:

  (1) The number of applications submitted to the carrier for individual coverage; and

  (2) The number of declinations issued by the carrier for individual coverage.

• Require a carrier to file the above-mentioned report with the Commissioner no later than 30 days after the last day of the quarter for which the information is provided.

• Require a carrier that denies coverage to an individual under a medically underwritten health benefit plan to provide the individual with specific information regarding the availability of coverage under the Maryland Health Insurance Plan.

• Require a notice issued by a carrier under § 15-1303(c) of the Insurance Article to be in a manner and form approved by the Commissioner.

• Exempt the Maryland Health Insurance Plan from § 11-203 of the State Finance and Procurement Article.

In addition, the bill:

• Amends § 6-101(b) of the Insurance Article to exempt the Maryland Health Insurance Plan and the Senior Prescription Drug Program from the provisions of § 6-101(b) of the Insurance Article.

• Repeals a provision that prohibits the Health Services Cost Review Commission from eliminating or adjusting the differential in hospital rates provided to carriers
that provide a substantial, available, and affordable product in the nongroup market.


- Terminates the SAAC program on July 1, 2003.

- Establishes July 1, 2003 as the renewal date for each SAAC policy in effect on or after March 31, 2003.

- As of July 1, 2003, requires each SAAC policy to be renewed as a policy under the Maryland Health Insurance Plan.

**Effective date: July 1, 2002**

HOUSE BILL 1254 (Chapter 154) - **Acquisition of a Nonprofit Health Entity - Determination by Regulating Entity**

Amends § 14-116 of the Insurance Article to:

- Prohibit a nonprofit health service plan that is formed or organized under Maryland law to:

  (1) Form or organize under the law of another jurisdiction unless the Commissioner determines that it is in the public interest; or

  (2) Alter its structure, operations, or affiliations, if such alteration results in the for-profit activities of the plan becoming so substantial that the Commissioner determines that the purpose of the nonprofit health service plan may no longer be characterized as operating a nonprofit health service plan.

- Authorize the Commissioner to revoke a certificate of authority issued to a foreign corporation subject to this subtitle if:

  (1) The foreign corporation operates a nonprofit health service plan that is affiliated with a nonprofit health service plan formed or organized under the laws of Maryland; and

  (2) The affiliation between the foreign nonprofit health service plan and the nonprofit health service plan formed under the laws of Maryland is terminated.
Amends § 14-139 of the Insurance Article to prohibit an officer, director, or trustee of a corporation operating under this subtitle from receiving any immediate or future remuneration as the result of an acquisition or proposed acquisition, as defined under § 6.5-101 of the State Government Article, except in the form of compensation paid for continued employment with the company or acquiring entity.

Amends § 6.5 -203 of the State Government Article to prohibit a determination made by the Commissioner under § 6.5-203(f) from taking effect until 90 calendar days after the date the determination is made.

Amends § 6.5-301 of the State Government Article in the following manner:

- An acquisition is not in the public interest unless appropriate steps have been taken to ensure that no officer, director, or trustee of the nonprofit health entity receives any immediate or future remuneration as the result of an acquisition or proposed acquisition except in the form of compensation paid for continued employment with the acquiring entity.

- Requires that the public or charitable assets distributed to a public or nonprofit charitable entity or trust in accordance with § 6.5-301(b)(2) of the State Government Article shall be in the form of cash.

- Requires the Commissioner to determine whether a payment by a nonprofit health entity, required under an agreement or contract for the acquisition of a nonprofit health entity if the agreement or contract is broken by the nonprofit health entity, is in the public interest.

*Effective date: June 1, 2002*

**HOUSE BILL 1427 (Chapter 284) - Health Insurance - Small Group - Open Enrollment Period**

Amends § 15-1210 of the Insurance Article to require a carrier that offers coverage to a small employer to establish an annual open enrollment period for self-employed individuals for at least 30 days in each 12-month period.

*Effective date: October 1, 2002*

**SENATE BILL 90 (Chapter 117) - Health Insurance - Health Maintenance Organizations and Managed Care Organizations - Application of Acquisitions Disclosure and Control Act**

Amends §§ 15-102.6 and 19-711 of the Health-General Article to:
Apply the provisions of Title 7 of the Insurance Article to health maintenance organizations and managed care organizations.

Require the Commissioner to adopt regulations that establish a materiality threshold for managed care organizations for reporting certain information to the Commissioner.

Establish that a managed care organization is not subject to the provisions of § 15-102.6 of the Health-General Article until the effective date of the regulations that the Commissioner is required to adopt as described in the previous paragraph.

Repeals §§ 19-711(b) and 19-711.2 of the Health-General Article.

Effective date: October 1, 2002

SENATE BILL 388 (Chapter 23) - Maryland Group Health Insurance Plan - Repeal

Repeals the Maryland Group Health Insurance Plan provided for in Title 14, Subtitle 3, of the Insurance Article.

Effective date: June 1, 2002

SENATE BILL 487 (Chapter 155) - Acquisition of Nonprofit Health Entity - Conditions for Approval

Amends § 6.5-203 of the State Government Article to repeal from existing law a provision that deems an application for conversion to a for-profit entity approved if the application is not approved or disapproved within 60 days after the record is closed.

Amends § 6.5-301 of the State Government Article to prohibit the Commissioner from approving an acquisition unless the Commissioner finds that the acquisition is in the public interest.

Effective date: April 25, 2002

SENATE BILL 819 (Chapter 189) - Hospitals - Uniform Standard Credentialing Form

Among other things, authorizes the Commissioner to permit a carrier to use a health care facility's credentialing form to credential providers at that facility instead of the
uniform credentialing form, if the carrier has designated the health care facility as the credentialing intermediary for the health care facility's physicians.

*Effective date: July 1, 2002*

**PROPERTY AND CASUALTY**

**HOUSE BILL 229 (Chapter 356) - Premium Finance Agreements - Delinquency and Collection Charge - Cancellation Charge**

- Increases the maximum allowed delinquency and collection charge under § 23-306(b)(1) of the Insurance Article to $8.

- Increases the cancellation charge provided for under § 23-307(b)(1) of the Insurance Article to $15.

*Effective date: October 1, 2002*

**HOUSE BILL 441 (Chapter 369) - Title Insurance Producers and Agencies - Statements of Financial Condition - Repeal of Filing Requirement**

- Repeals § 10-121(j)(1) of the Insurance Article which requires a title insurer to have on file by December 31 of each year a statement of financial condition of each title insurance producer and agency with an appointment with the title insurer.

- Repeals § 10-125 (d)(4) of the Insurance Article which provides for an exemption to § 10-121(j) of the Insurance Article.

*Effective date: October 1, 2002*

**HOUSE BILL 521 (Chapter 580) - Property and Casualty Insurance - Use of Credit History**

Among other things, House Bill 521 amends § 27-501 of the Insurance Article in the following manner:

- With respect to homeowner's insurance, prohibits an insurer from:
  
  1. Refusing to underwrite, cancel, or refuse to renew a risk based, in whole or in part, on the credit history of an applicant or insured;
(2) Rating a risk based, in whole or in part, on the credit history of an applicant or insured in any manner; or

(3) Requiring a particular payment plan based, in whole or in part, on the credit history of the insured or applicant.

- With respect to private passenger motor vehicle insurance, prohibits an insurer from:
  
  (1) Refusing to underwrite, cancel, refuse to renew or increase the renewal premium based, in whole or in part, on the credit history of the insured or applicant; or
  
  (2) Requiring a particular payment plan based, in whole or in part, on the credit history of the insured or applicant.

- Permits an insurer to use the credit history of an applicant to rate a new policy of private passenger motor vehicle insurance subject to certain provisions in § 27-501(E-I)(3)(II)(4) and (5).

In addition, the bill:

- Requires the Commissioner, in consultation with representatives of the property and casualty insurance industry, insurance producer organizations, and anyone else the Commissioner considers necessary, to conduct a study on whether the use of credit scoring in Maryland has an adverse impact on any demographic group defined by race or socio-economic status.

- Requires the Commissioner to study the impact of premium rates on policies issued by the Maryland Automobile Insurance Fund on the insurance market.

**Effective date: October 1, 2002**

**HOUSE BILL 726 (Chapter 80) - Insurance - Surplus Lines Brokers - Disclosure and Notification Requirements**

Amends § 27-216(d) of the Insurance Article to:

- Require a surplus lines broker to make a clear and conspicuous written disclosure of any financial interest in the person performing the inspection; and whether the surplus lines broker will receive compensation from the person that performs the inspection.
• Require a surplus lines broker to notify the prospective insured of the option to obtain the inspection from another person who meets the requirements of or is approved by the surplus lines insurer.

_Effective date: October 1, 2002_

**HOUSE BILL 1002 (Chapter 553) - Motor Vehicle Liability Insurance - Premium Increases - Consumer Information**

Defines certain terms.

Amends § 11-317 of the Insurance Article to require each insurer that provides a private passenger automobile insurance policy to provide a statement to the policyholder at the time of issuance or renewal of the policy that includes a general description of the factors that may cause or contribute to an increase in a policy premium and to make that statement available to its producers.

Amends § 27-501 of the Insurance Article to prohibit an insurer from requiring a particular payment plan for an insured for coverage under a private passenger or homeowner's insurance policy based on the credit history of the insured.

Amends § 27-605 of the Insurance Article in the following manner:

• Clarifies § 27-605(B) of the Insurance Article to prohibit an insurer, under certain circumstances, from increasing a premium for any coverage on a policy of motor vehicle liability insurance.

• Amends § 27-605(C)(3) of the Insurance Article to require an insurer to:

  State in the notice required under § 27-605(C) of the Insurance Article the amount of the increase and the type of coverage to which it is applicable.

  State in the notice required under § 27-605(C) of the Insurance Article the right of the insured to protest the proposed action of the insurer and, except in the case of a premium increase of 15 percent or less for the entire policy, request a hearing before the Commissioner on the proposed action by signing two copies of the notice and sending them to the Commissioner within 30 days after the mailing.

  Maintain an insured's current insurance in effect until a final determination is made by the Commissioner except for a premium increase of 15 percent or less for the entire policy.

• Prohibits the Commissioner from disallowing a proposed action of an insurer because the statement of actual reason contains:
Grammatical errors, typographical errors, or other errors provided that the errors are nonmaterial and not misleading; or

Surplus information, provided that the surplus information is nonmaterial and not misleading.

- Amends § 27-605(F)(5)(ii) of the Insurance Article to establish that in the case of a premium increase, a dismissal of the protest or disallowance of the premium increase is deemed to be a final determination of the Commissioner 20 days after the mailing date of the Commissioner's notice of action.

- Amends § 27-605(G)(4) of the Insurance Article to apply in the case of a premium increase of greater than 15 percent for the entire policy.

- If the Commissioner disallows a premium increase of 15 percent or less for the entire policy, requires the insurer, within 30 days after the disallowance, to:
  
  1. Return to the insured all disallowed premium received from the insured; and
  2. Pay to the insured interest on the disallowed premium received from the insured calculated at 10 percent per annum from the date the disallowed premium was received to the date the disallowed premium was returned.

- Establishes that if an insurer fails to return any disallowed premium or fails to pay interest to an insured, in violation of § 27-605(J) of the Insurance Article, the insurer is in violation of the Insurance Article and subject to the penalties under § 4-113(D) of this article.

In addition, the bill:

- Permits the Commissioner to adopt regulations that exclude from the requirements of § 27-605 of the Insurance Article certain types of premium increases except for premium increases due to:
  
  1. An accident;
  2. A violation of the Maryland vehicle law or the vehicle law of another state;
  3. The claims history of the insured;
  4. The credit history or the credit score of the insured;
  5. A retiering of the insured; or
  6. A surcharge.
Requires the Commissioner, in consultation with private passenger automobile insurers, to conduct a study regarding the feasibility of establishing an internal grievance process for the resolution of complaints regarding proposed adverse action by insurers with respect to private passenger automobile insurance premium increase. The Commissioner shall make recommendations regarding the feasibility of establishing an internal grievance procedure to the House Economic Matters and Senate Finance Committees.

Effective date: October 1, 2002

MISCELLANEOUS

HOUSE BILL 812 (Chapter 88) - Motor Clubs - Required Security - Letters of Credit

Amends § 26-204 of the Insurance Article to permit an applicant for a license to provide motor club services to submit a letter of credit in the form that the Commissioner requires and in an amount not less than $100,000 or, at the Commissioner's discretion, an amount not less than $15,000.

Effective date: October 1, 2002

HOUSE BILL 1456 (Chapter 286) - Insurance - Certificate of Authority - Penalties

For the purpose of determining the amount of any financial penalty or forfeiture to be imposed under § 4-112 of the Insurance Article, the Commissioner:

(1) Is required to consider the following factors:
   (i) The seriousness of the violation;
   (ii) The good faith of the violator;
   (iii) The violator's history of previous violations;
   (iv) The deleterious effect of the violation on the public and the insurance industry; and
   (v) The assets of the violator; and

(2) May determine the appropriate amount of the penalty or forfeiture.

Effective date: April 25, 2002
SENATE BILL 158 (Chapter 452)  -  Maryland Insurance Administration -
Subpoenas - Issuance

Permits a subpoena issued under § 2-203 of the Insurance Article to be served in the
same manner as a service of process in a civil action in a circuit court may be served.

*Effective date: October 1, 2002*

SENATE BILL 371 (Chapter 22)  -  Injured Workers' Insurance Fund -
Phase-In of Regulatory Requirements

Amends § 10-125 of the Labor and Employment Article to:

- Clarify that the Fund is subject to certain provisions of the Insurance Article.
- Establish a phase-in schedule for the Fund to comply with the risk-based capital
  standards in the Insurance Article.
- Allow the Fund to exclude premium growth associated with the residual market
  business in any risk-based capital calculation if the Commissioner approves the
  definition of residual business used by the Fund.

*Effective date: June 1, 2002*

SENATE BILL 472 (Chapter 317)  -  Maryland Insurance Administration -
Program Evaluation

Amends § 2-110(a) of the Insurance Article to:

- Require the Commissioner to prepare an annual report no later than December 31
  of each year.
- Require the Commissioner to include additional information in the annual report.

Repeals §§ 2-105(e) and 2-406 of the Insurance Article.

Clarifies that the provisions of Title 27, Subtitle 4 of the Insurance Article (submission
of an Antifraud plan to the MIA) apply to health maintenance organizations.

Repeals fees for appointments under § 2-112(a)(5).

Amends § 2-501 of the Insurance Article so that:
The definition of "assessment" means an assessment that, subject to § 2-505(c)(3) of the Insurance Article, equals 60 percent of the Administration's approved annual budget appropriation.

The definition of "health insurer assessment portion" means 40 percent of the assessment.

The definition of "life insurer assessment portion" means 26 percent of the assessment.

The definition of "property and casualty insurer assessment portion" means 34 percent of the assessment.

Amends § 2-503 of the Insurance Article to allow the Commissioner to determine the date on which the assessment is due to the Commissioner.

Amends § 2-505 to:

• Provide for, if in any given fiscal year the amount of revenue collected by the Commissioner and deposited into the Insurance Regulation Fund exceeds 105 percent of the actual appropriations for the Administration, the excess amount to be carried forward within the Insurance Regulation Fund.

• Require the assessment fee to be adjusted to maintain the fund at a level that does not exceed 105 percent of the Administration's approved annual budget.

Amends § 6-107(d) of the Insurance Article to require the Administration to distribute each quarter the amount necessary to administer the insurance premium tax laws in the previous quarter to an administrative account.

Requires the Maryland Insurance Administration to report to the Senate Finance Committee and the House Economic Matters Committee on or before October 1, 2002 on the implementation of the recommendations of the Department of Legislative Services contained in the sunset evaluation report dated October 2001. The report shall include:

1. A summary of efforts by the Administration to enhance communication with licensees, to address staff vacancies in the Insurance Fraud Division, to attract and retain skilled staff, and to address issues related to its physical plant;

2. Recommendations for consolidating statutorily required reports into the annual report; and

3. Identification of statutory reporting requirements that are outdated or unnecessary.

**Effective date: July 1, 2002**